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In The
Supreme Court of the United States
October Term, 1995

THE LIBMAN COMPANY,

Petitioner,

v.

VINING INDUSTRIES, INC.,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

Allen H. Gerstein, Esq.*
Richard M. LaBarge, Esq.
Michael R. Graham, Esq.
MARSHALL, O'TOOLE, GERSTEIN, MURRAY & BORUN
6300 Sears Tower
233 South Wacker Drive
Chicago, Illinois 60606-6402
(312) 474-6300

Attorneys for Petitioner

*Counsel of Record

QUESTIONS PRESENTED FOR REVIEW

1) WHAT IS THE STANDARD OF REVIEW FOR A FINDING OF A LIKELIHOOD OF CONFUSION IN A TRADEMARK CASE?

2) WHEN A FEDERAL APPEALS COURT REVIEWS AN UNCONTESTED FINDING OF PUBLIC INJURY, ARE DUE PROCESS SAFEGUARDS REQUIRED TO MINIMIZE THE RISK OF AN ERRONEOUS DECISION?

STATEMENT PURSUANT TO RULE 29.1

The only parties to this action are those listed in the caption. The Libman Company has no parent or subsidiary companies.

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CONVENTIONS

The following conventions are used in this petition:

A[#] —indicated page from the Seventh Circuit's opinion, reprinted as Appendix A.

B[#] —indicated page from the trial court's opinion, reprinted as Appendix B.

E[#] —indicated page from collection of trial exhibits and photographs of the brooms at issue, attached as Appendix E.

F[#] —indicated page from the trial transcript, excerpts of which are reprinted as Appendix F.

G[#] —indicated page from Vining's appeal brief, excerpts of which are reprinted as Appendix G.

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PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

Petitioner, The Libman Company ("Libman"), petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Seventh Circuit ("Seventh Circuit") in this case.

OFFICIAL AND UNOFFICIAL REPORTS OF OPINIONS DELIVERED IN THE CASE

The decision of the Seventh Circuit is reported at 69 F.3d 1360. The denial of a rehearing or rehearing *en banc* is reported at 1996 U.S.App. LEXIS 348. The Seventh Circuit's decision reversed a judgment of the U.S. District Court for the Central District of Illinois reported at 876 F.Supp. 185.

GROUNDS ON WHICH JURISDICTION IS INVOKED

The Seventh Circuit entered its decision on November 16, 1995. Rehearing, with a suggestion for rehearing *en banc*, was sought on November 30, 1995, and denied on January 10, 1996. 28 USC §1254(1) provides the Court with jurisdiction to review the decision by writ of certiorari.

LEGAL PROVISIONS INVOLVED IN THE CASE

The legal provisions involved in this case are the due process clause of the Fifth Amendment and 15 USC §§1057(b) and 1114(1)(a), which provide:

Vth Amendment

No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a Grand Jury, except in cases arising in the land or naval forces, or in the Militia, when in actual service in time of War or public danger; nor shall any person be subject for the same offence to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation.

15 USC §1057(b) (Lanham Act, Sec. 7) Certificates of registration

(b) Certificate as prima facie evidence.

—A certificate of registration of a mark upon the principal register provided by this Act shall be prima facie evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the certificate, subject to any conditions or limitations stated in the certificate.

15 USC §1114 (Lanham Act, Sec. 32) Remedies; infringement; innocent infringement by printers and publishers

(1) Any person who shall, without the consent of the registrant—

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive;

shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) hereof, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.

As used in this subsection, the term "any person" includes any State, any instrumentality of a State, and any officer or employee of a State acting in his or her official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this Act in the same manner and to the same extent as any nongovernmental entity.

STATEMENT OF THE CASE

Libman is a broom manufacturer that marks the bristles at one end of its brooms with a band of contrasting color (a "contrast band"). The contrast band, which is not limited to any particular color, is a federally-registered trademark. E1. Contrast band brooms are the second leading brand in the United States. Stip. 38.

Vining Industries, Inc. is Libman's main competitor. In 1993, Vining noticed the success of Libman's brooms,

inferred that purchasers like brooms bearing the contrast band mark, "and decided to climb on the bandwagon." A6. Accordingly, it introduced a new "2000" line of brooms marked with a dark gray contrast band. E2. When Vining refused to stop its new use, Libman brought suit in the United States District Court for the Central District of Illinois, charging Vining with trademark infringement.[1]

After the close of discovery, Vining expanded its use of contrast bands to a second line of brooms. Stip. 50, F48-49. These "PROFESSIONAL PRODUCTS" brooms have a black band that provides a sharper contrast than the band on the earlier 2000 brooms. E3. Also, while the earlier brooms are sold in a cardboard sleeve that covers part of the band, the newer brooms are sold without such a sleeve, exposing virtually all of the band. E4, Stips. 51, 57; B5.

The trial

At trial, Libman argued that purchasers are likely to be confused by the contrast band on the Vining brooms even if they would be unlikely to mistake one of the Vining brooms for one of the Libman brooms in a side-by-side comparison.[2]

Prevailing law in the Seventh Circuit required the trial court to consider seven factors to judge whether purchasers are likely to be confused. *Ideal Industries, Inc. v. Gardner Bender, Inc.*, 612 F.2d 1018, 1024 (7th Cir. 1979), *cert. denied*, 447 U.S. 924 (1980). One of those factors—"actual confusion" evidence—encompasses evidence of the state of mind of individual purchasers upon encountering the mark at

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[1] The trial court had subject matter jurisdiction pursuant to 15 USC §1121 and 28 USC §1338(a).

[2] A purchaser who sees PEPSI on a bottle of orange soda is unlikely to mistake the bottle of orange soda for a bottle of PEPSI cola, but is nonetheless likely to be confused by the appearance of the PEPSI mark on the product. A use infringes if it is likely to cause mistake *or* if it is simply likely to cause confusion. 15 USC §1114(a).

issue. This factor includes, for example, evidence that a purchaser misdirected a complaint about one of the defendant's products: a so-called "instance of actual confusion."

One of the two principal disputes at trial involved the "actual confusion" factor. Vining claimed that the absence of "instances of actual confusion" meant that the "actual confusion" factor weighed in Vining's favor with respect to the 2000 brooms[3]. Libman claimed that the "actual confusion" factor weighed neither way because the "few hundred thousand" Vining brooms sold was too small a volume to expect misdirected complaints even if the public was being confused. *See* stip. 34, F66-67, F210 (indicating that only one in every *half million* customers complains about such brooms).

Unlike the "actual confusion" factor, most of the other likelihood of confusion factors traditionally considered in the Seventh Circuit do not focus on the reaction of *individual* purchasers, but instead are directed to whether the purchasing public *at large* is likely to be confused: for example, the similarity of the marks at issue and the degree of care exercised by purchasers of the goods in question. These factors are collectively referred to as "market factors." Restatement (Third) of Unfair Competition, §21 (1995).

There was little genuine dispute that the Seventh Circuit "market factors" weighed in favor of Libman. The second principal dispute at trial was about the *weight* to be given those factors. Vining asked the trial court to find that the market factors did not warrant an inference that the purchasing public is likely to be confused. In Vining's view, another type of "actual confusion" evidence—a market study[4]—was needed. Libman, on the other hand, claimed that the market factors were strong enough for the trial

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[3] Vining did not dispute that the PROFESSIONAL PRODUCTS brooms were too new to expect "instances of actual confusion."

[4] "Instances of actual confusion," direct testimony of purchasers, and market studies (or surveys) are all types of "actual confusion" evidence. Restatement, *supra*, §23, comment c.

court to infer a likelihood of confusion without any "actual confusion" evidence.

The trial court decided both of the principal factual disputes in favor of Libman. It rejected the argument that the "actual confusion" factor weighed in Vining's favor, concluding that it was unlikely that confused purchasers would have complained about the Vining brooms. B5. The trial court also rejected the assertion that the market factors were too weak to prove a likelihood of confusion without a market study, concluding:

> While a market study of likelihood of confusion would have been helpful evidence to the court, the elements of a *prima facie* showing of a likelihood of confusion are present and Vining has not rebutted that showing. The court finds, therefore, that it is more probably true than not that the [defendant's] use of a contrast color band on its brooms is likely to cause confusion among ordinary purchasers as to the source of the brooms.

Id.

The appeal

Vining did not appeal the trial court's finding that the black band on yellow PROFESSIONAL PRODUCTS brooms is likely to confuse purchasers. G2. It did, however, ask the appellate court to decide *de novo* whether purchasers are likely to be confused by the dark gray band on Vining's 2000 line of brooms. G35-36. The Seventh Circuit, however, found no basis for *de novo* review. A1. It also acknowledged that, on this record, it is "plausible" to infer that purchasers are likely to be confused. A4.

The appellate court nonetheless held that the trial court had clearly erred in finding a likelihood of confusion. A7. Ignoring the trial court's finding to the contrary, the Seventh Circuit conjectured that confusion, if likely, would have led to "instances of actual confusion." A2, *cf. Amedo v. Zant*, 486

U.S. 214, (1988) (appellate court cannot rely on conjecture to ignore a finding supported by record evidence). The Seventh Circuit then summarily dismissed the market factor evidence as "vanishingly thin," without specifically identifying the factors, the trial court's findings on most of those factors[5], or the undisputed evidence[6] supporting those findings. A2, *cf. Pullman-Standard v. Swint*, 456 U.S. 273, n.21 (1988) (trial court's decision to weigh evidence differently than the appellate court is not clear error and cannot be summarily dismissed as "unpersuasive").

Ironically, the Seventh Circuit then criticized the trial court for not explaining its analysis more completely. A4-5. Rather than ordering a remand, however, the court simply ordered that judgment be entered in favor of Vining. A7.

In reversing the trial court's judgment on the basis of likelihood of confusion alone, the Seventh Circuit ignored the fact that Vining had not appealed the trial court's finding that purchasers are likely to be confused by the black band on PROFESSIONAL PRODUCTS brooms. At oral argument, the court had neither mentioned nor asked about those brooms.

Libman petitioned for a rehearing, with a suggestion for a rehearing *en banc*. In its petition, Libman asked for an opportunity to present evidence showing that the appellate court had been mistaken in overturning the trial court's finding that purchasers are likely to be confused by the black

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[5] The Seventh Circuit grudgingly conceded that Vining's use of a contrast band was "an element" of similarity of the parties' respective products, but refused to acknowledge that this similarity of the marks is itself a strong factor. A3.

[6] For example, virtual identity of the marks was supported by stips. 9, 10, 46, and 50. Direct competition of the products was supported by stips. 21, 50, and 63. Similar areas and manners of trade and overlapping customers was supported by stips. 32, 39, 50, 58, 64, and 65. Low degree of care exercised by purchasers was supported by stip. 68, F65, and F332.

band on PROFESSIONAL PRODUCTS brooms. The petition was unanimously denied. This petition for a writ of certiorari followed.

REASONS FOR GRANTING THE PETITION

THE SEVENTH CIRCUIT'S NEW STANDARD FOR REVIEWING A FINDING OF A LIKELIHOOD OF CONFUSION IS SIGNIFICANTLY DIFFERENT THAN THE STANDARDS USED IN OTHER CIRCUITS

Likelihood of confusion is the *sine qua non* of whether trademark rights have been violated. It has been more than fifty years, however, since this Court last provided significant guidance to the circuits on the issue. In that time, the importance of trademarks to both American business and American consumers has increased. *See*, S. Rep. No. 100-515, 100th Cong., 2d Sess. 4 (1988) (acknowledging the pertinent changes in business practices and technology since the passage of the Lanham Act in 1946). At the same time, the uniformity of appellate decisions about likelihood of confusion has decreased.

Since at least *Mishiwaka Rubber & Woolen Mfg. v. S. J. Kresge Co.*, 316 U.S. 203 (1942), it has been axiomatic that "actual confusion" evidence is not needed to prove a likelihood of confusion. Restatement, *supra*, §23, comment b; 3 J. McCarthy *Trademarks and Unfair Competition*, §23.02[1] (3d Ed. 1995). Even under the least deferential standards used for reviewing likelihood of confusion (as noted below, those used in the Second, Sixth, and Federal Circuits), a finding that other evidence in a case outweighs an absence of "actual confusion" evidence is upheld unless clearly erroneous. *E.g.*, *Nikon Inc. v. Ikon Corp.*, 987 F.2d 91, 95-96 (2d Cir. 1993).

There has been growing disagreement about how the market factors (and other types of evidence) should be

formulated to assess whether there is a likelihood of confusion and whether the issue is a factual or legal one[7]. *Cf.*, *Equine Technologies Inc. v. Equitechnology Inc.*, 68 F.3d 542, 546 (1st Cir. 1995) (eight factors, fact issue), *Nikon*, 987 F.2d at 94 (eight factors, legal issue), *Fisons Horticulture, Inc. v. Vigoro Indust.*, 30 F.3d 466, 473 (3d Cir. 1994) (ten factors, fact issue), *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1527 (4th Cir. 1984) (seven factors, fact issue), *Moore Business Forms v. Ryu*, 960 F.2d 486, 489-90 (5th Cir. 1992) (seven factors, fact issue), *Esercizio v. Roberts*, 944 F.2d 1235, 1241-42 (6th Cir. 1991), *cert. denied*, 505 U.S. 1219 (1992) (eight factors, legal issue), *SquirtCo v. Seven-Up Co.*, 628 F.2d 1086, 1091 (8th Cir. 1993) (five factors, fact issue), *E.J. Gallo Winery v. Gallo Cattle Co.*, 955 F.2d 1327, 1338 (9th Cir.) *amended*, 967 F.2d 1280 (9th Cir. 1992) (eight factors, fact issue), *Jordache Enter. v. Hogg Wyld, Ltd.*, 828 F.2d 1482, 1484 (10th Cir. 1987) (four factors, fact issue), *AmBRIT, Inc. v. Kraft, Inc.*, 805 F.2d 974, 981 (11th Cir. 1986) (seven factors, fact issue), *In re Shell Oil Co.*, 992 F.2d 1204, 1206-08 (Fed. Cir. 1993) (five factors, legal issue). There has been agreement, however, that market factors *should* be considered. Restatement, *supra*, §21. A trial court's findings on such factors are given deference, and must be upheld unless clearly erroneous. Fed.R.Civ.P. 52.

In this case, the Seventh Circuit has adopted a radically new approach to likelihood of confusion. First, the Seventh Circuit *requires* "actual confusion" evidence. Second, it reviews the "totality of the circumstances" independently, rather than deferring to the trial court's findings on evidentiary factors. Finally, its review—while denominated as one for "clear error"—ignores whether the trial court's decision is plausible in light of the record as a whole. Instead, it focuses on the depth of the appellate court's conviction that it would have decided the issue differently.

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[7] Justice White believed the split in the circuits on the latter issue was alone enough to justify Supreme Court review. *Elby's Big Boy, Inc. v. Frisch's Restaurants, Inc.*, 459 U.S. 916 (1982).

The petitioner asks this Court to:

1) hold that "actual confusion" evidence is not a requirement for proving a likelihood of confusion;

2) hold that an appellate court reviewing a decision about likelihood of confusion must defer to the trial court's findings on pertinent evidentiary factors; and

3) clarify whether the appellate court's focus in a clear-error review should be on the plausibility of the trial court's findings or on the depth of the appellate court's conviction that it would have decided the issue differently.

The new Seventh Circuit standard requires evidence of "actual confusion" to prove a likelihood of confusion

In *Mishiwaka*, this Court indicated that a trademark owner could prove a likelihood of confusion *without* offering evidence that any particular purchaser has been confused. 316 U.S. at 204. The Seventh Circuit now says that, without such evidence, "it would be pure speculation" to conclude that purchasers are likely to be confused. A7. According to the Seventh Circuit, using market factors as a basis for inferring that the purchasing public is likely to be confused "cannot be regarded as better than a hypothesis, and a hypothesis that has not been tested." *Id.*

Although the Seventh Circuit concedes it may be a mistake to require "actual confusion" evidence (A5), it has decided this case on that very basis. Only three types of evidence have been recognized as being capable of proving a likelihood of confusion: market factors, "actual confusion" evidence, and evidence of an unlawful intent. Restatement, *supra*, §§21-23. The market factors here are the same ones that the Seventh Circuit had previously said make a likelihood of confusion "almost obvious." *Ideal Industries*, 612 F.2d at 1024-25, *accord* Restatement §21, comment ("If the actor uses an identical or nearly identical mark on directly competing goods, there is ordinarily a likelihood of

confusion.") The intent evidence (A6) showed the same intent that, in some circuits, creates a *presumption* of a likelihood of confusion. *E.g. Bauer Lamp Co. v. Shaffer*, 941 F.2d 1165, 1171-72 (11th Cir. 1991). In rejecting the combined weight of both of the market factors and the intent evidence as "vanishingly thin" and "pure conjecture," there can be little doubt that the Seventh Circuit is indeed requiring evidence of "actual confusion."

The Seventh Circuit's requirement of "actual confusion" evidence was confirmed in *Reed-Union Corp. v. Turtle Wax, Inc.*, ____ F.3d ____, 37 USPQ2d 1718, 1720 (7th Cir. 1996), where the court repeated its position that market factors do not amount to "proof" that the purchasing public is likely to be confused. In that case, the court indicated that only "instances of actual confusion" or expert testimony constitute "proof" on that issue. *Id.*

As discussed above, other circuits take the opposite position, following *Mishiwaka's* suggestion that such "actual confusion" evidence is *not* a requirement for proving a likelihood of confusion.

The new Seventh Circuit standard does not give deference to the trial court's findings on evidentiary factors

Even circuits that consider likelihood of confusion to be a *legal* issue defer to the trial court's findings on evidentiary factors unless those findings are clearly erroneous. *Nikon*, 987 F.2d at 94 (2d Cir.), *Esercizio*, 944 F.2d at 1242 (6th Cir.), *Shell Oil*, 992 F.2d at 1206 (Fed. Cir.) The Seventh Circuit, on the other hand, ignores findings on evidentiary factors.

The Seventh Circuit never discussed or even mentioned the market factors previously applied in the Seventh Circuit. On the "actual confusion" factor, the appellate court found that "instances of actual confusion" should have been

expected (A2) without even mentioning that the trial court had found just the contrary (B5).[8]

In *Swint*, an appellate court's failure to discuss the evidentiary basis for a trial court's findings convinced this Court that the appellate court had not given deference to those findings. 456 U.S. at 291, n.21. The Seventh Circuit not only ignored the evidence supporting the trial court's findings on the market factors, it considered the findings themselves to be unworthy of mention or even acknowledgement. Clearly, the Seventh Circuit no longer applies a Rule 52 analysis to the trial court's findings on those factors.

In *Swint*, this Court characterized an approach like the Seventh Circuit's (i.e., one that does not defer to subsidiary fact findings) as "the product of the court's independent consideration of the totality of the circumstances it found in the record." 456 U.S. at 291. As noted above, other circuits take the opposite position, deferring to the trial court's findings on established evidentiary factors.

The new Seventh Circuit standard uses a different type of "clear error" review

Requiring "actual confusion" evidence and using a "totality of the circumstances" approach are not the only differences between the Seventh Circuit's new approach to likelihood of confusion and those of other circuits.

In *Anderson v. Bessemer City*, 470 U.S. 564 (1985), this Court indicated that a finding of fact that is plausible *cannot* be clearly erroneous. *Id.*, at 573-74. The Seventh Circuit now holds that a finding that is the result of a "plausible" inference *can* be clearly erroneous.

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[8] The trial court discussed the market factors at length after making a side-by-side comparison of the products and before concluding that there is a likelihood of confusion. B5-B6, *see* A11-12 (J. Coffey, in dissent, acknowledging the findings). The Seventh Circuit falsely states that the trial court went from the side-by-side comparison to the conclusion "without transition or explanation." A5.

The Seventh Circuit position is based on this Court's dictum in *Concrete Pipe & Prods, Inc. v. Construction Laborers Pension Trust*, 124 L.Ed.2d 539 (1993). In *Concrete Pipe*, this Court noted that "reasonableness" and clear error are distinct standards of review and that a "reasonableness" standard is the more deferential of the two. *Id.* at 564. The Seventh Circuit interprets *Concrete Pipe* as signifying that the focus of clear-error review is *not* on the plausibility of the trial court's finding (a type of reasonableness), but instead:

> requires us appellate judges to distinguish between the situation in which we *think* that if we had been the trier of fact we would have decided the issue differently and the situation in which we are *firmly convinced* that we would have done so.

Carr v. Allison Gas Turbine Div., 32 F.3d 1007, 1008 (7th Cir. 1994) (emphasis added). Thus, the Seventh Circuit focusses its "clear error" review on the depth of its conviction that it would have weighed the evidence differently than the trial court did.

The Seventh Circuit has invited Supreme Court review on this issue by conceding that Libman's position about likelihood of confusion is plausible. A4. The use of the term "plausible" was not an oversight: the finding of plausibility was left in the majority opinion over a dissent that such a finding would, under *Anderson*, require that the trial court be affirmed. A14 (Coffey, J. dissenting). The majority, however, sees no inconsistency in holding that a finding is both plausible *and* clearly erroneous.

Whether the Seventh Circuit's interpretation of "clear error" is consistent with *Anderson* is obviously an issue with ramifications that extend beyond the trademark law.

Any one of these three differences between the Seventh Circuit's approach to likelihood of confusion and the approaches used in other circuits significantly widens the existing inconsistency between the circuits on this issue.

Combined, these three differences create a revolutionary change in one of the fundamental issues of trademark law. Given the increased importance of trademarks in American society over the past half-century, renewed attention from this Court is appropriate to determine whether this change is appropriate.

Resolving this issue is important

The goal of trademark protection is to protect not only trademark owners, but to protect *purchasers*. *Qualitex Co. v. Jacobson Products*, 131 L.Ed.2d 248, 254 (1995). When judgments of trademark infringement are improperly reversed, confusion returns to the marketplace. The public suffers. Accordingly, proper and consistent application of the pertinent legal standard is particularly important in trademark cases.

In *Conopco Inc. v. May Dept. Stores*, 46 F.3d 1556 (Fed. Cir. 1994), *cert. denied, 115 S.Ct. 1724, in Aromatique, Inc. v. Gold Seal*, 28 F.3d 863 (8th Cir. 1994) and here, appellate majorities have drawn sharp dissent when they permitted the resumption of activities that trial courts had found are likely to confuse the purchasing public. In each of these cases, all decided in a brief 16-month period, the dissent was convinced that the majority had misapplied the clear-error standard.

In *Conopco*, Judge Mayer complained:

> This court's . . . conclusion on likelihood of confusion is reached by impermissibly reweighing the evidence that was before the trial court. This is not only beyond its competence, but intrudes on the fact finding role of the district court and encourages litigants to ignore the outcome of trial and retry the case on appeal.

46 F.3d at 1572. In *Aromatique*, Judge Gibson found it "regrettable, indeed astounding" that the court reversed where many of the evidentiary factors supported the trial

court's finding of infringement. *Id.*, at 880. "The court ignores the rule that where there are two permissible views of the evidence, the factfinder's choice cannot be clearly erroneous." *Id.*

Below, Judge Coffey made similar objections, further recognizing:

> When appellate courts intrude on the fact-finding role of the district court, they undermine the legitimacy of trial courts in the eyes of litigants, multiply appeals by encouraging appellate re-trial of factual issues, and needlessly reallocate judicial authority.

A15 (citation omitted.)

There is no reason to expect *future* agreement on proper application of the clear-error standard to trademark infringement cases until this Court's half-century of silence on the issue is ended.

WHEN A FEDERAL APPEALS COURT REVIEWS AN UNCONTESTED FINDING OF PUBLIC INJURY, DUE PROCESS SAFEGUARDS SHOULD BE USED TO MINIMIZE THE RISK OF AN ERRONEOUS DECISION

Vining did not appeal the trial court's finding that purchasers are likely to be confused by the black band on PROFESSIONAL PRODUCTS brooms. By reversing that uncontested finding, the Seventh Circuit authorized the resumption of conduct that was not only *found* to be likely to confuse the public, but *conceded* to be likely to confuse the public.

The due process clause of the Fifth Amendment protects against deprivations of property without due process of law. Libman had a property right—granted by the trademark laws and adjudged by the trial court—to exclude Vining from using a contrast band on PROFESSIONAL PRODUCTS

brooms. *See* 15 USC §1057(b) (trademark registration is *prima facie* evidence of right to exclude others) and *Universal Products Co. v. Root Refining Co.*, 328 U.S. 575, 580 (1946) (prevailing party has a property interest in his judgment), *accord Mullane v. Central Hanover Bank & Trust Co.*, 339 U.S. 306 (1950) (cause of action is a constitutionally-protected property right.) The Seventh Circuit's reversal, without remand, took that right away. Because a protectable property interest was at stake, due process was required.

> "Once it is determined that due process applies, the question remains what process is due." *Morrissey v. Brewer*, 408 U.S. 471, 481 (1972). Though the required procedures may vary according to the interests at stake in a particular context, *Boddie v. Connecticut*, 401 U.S. 371, 378 (1971), "[t]he fundamental requirement of due process is the opportunity to be heard "at a meaningful time and in a meaningful manner.' " *Matthews v. Eldridge*, 424 U.S. 319, 333 (1976), quoting *Armstrong v. Manzo*, 380 U.S. 545, 552 (1965); see also *Mullane v. Central Hanover Bank & Trust Co.*, 339 U.S. 306, 313 (1950).

Brock v. Roadway Express, Inc., 481 U.S. 252 (1987) (parallel citations omitted).

The public interest makes it especially important that the issue of likelihood of confusion be decided properly

It is sometimes important for an appellate court to decide a case based on an issue that was not raised by the parties. It is rare, however, that the importance of deciding an issue outweighs the importance of deciding the issue correctly.

"No better instrument has been devised for arriving at truth than to give a person in jeopardy of serious loss notice of the case against him and the opportunity to meet it." *Joint*

Anti-Fascist Committee v. McGrath, 341 U.S. 123, 171-72 (Frankfurter, J., concurring) (1951). The extent of the procedural guarantees that are required for due process is proportional to the importance of the property interest at stake. *Eldridge*, 424 U.S. at 334-35.

Here, the issue that formed the basis for allowing Vining to resume the use of a black band on PROFESSIONAL PRODUCTS brooms was a question of whether that use confuses purchasers. The importance of protecting not only Libman, but also the public from such harm should oblige an appellate court to provide either 1) some pre-hearing notice that the issue of public harm is being considered[9] or 2) a post-decision opportunity to correct misconceptions in the appellate court's assumptions about the facts bearing on the issue. Without such safeguards, the likelihood of a judicial mistake is too high and the cost of a mistake too dear.

There was no meaningful opportunity to be heard

Because Vining's appeal did not dispute the trial court's finding that the black band on PROFESSIONAL PRODUCTS brooms is likely to confuse the public, the briefing and oral argument on Vining's appeal did not provide a meaningful hearing on that issue.

In *Brock*, an employer had been deprived of its right to terminate an employee under a collective bargaining agreement based on its alleged retaliatory discharge of the employee. The employer had been given an opportunity to speak on the allegation of retaliatory discharge. It had not,

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[9] Providing such notice would not have been burdensome. The Seventh Circuit made an initial assessment of the case before oral argument, leading the court to notify the parties that the time for argument would be reduced. The court could have advised the parties at that time that it was considering re-opening the issue of whether purchasers are likely to be confused by the black band on PROFESSIONAL PRODUCTS brooms.

however, been told who had testified against it or the substance of their statements. 481 U.S. at 265. The opportunity to speak was not enough to satisfy due process. *Id.*

The parties knew that the Seventh Circuit was considering allowing Vining to resume its use of the black band on PROFESSIONAL PRODUCTS brooms based on Vining's claim that Libman's band is not a valid mark. There was no notice, however, that the court was considering reversing the uncontested finding that purchasers are likely to be confused by that black band. The lack of notice made the opportunity to speak at the oral argument an even-less-meaningful opportunity to be heard than the pre-decision "hearing" in *Brock*, where the party at least knew the nature of the claim being considered.

The lowest level of due process requires at least a *post*-decision opportunity to be heard. The Seventh Circuit unanimously refused a rehearing that would have provided the *first* meaningful opportunity for a presentation of the evidence on this issue. Further, despite admitting that "it would have been nice" if the trial court had made more findings (A5), the Seventh Circuit refused to remand. In *Swint*, this Court said it would be "incredible" to think that a court of appeals would not remand in such circumstances. 456 U.S. at 292-93.

Obviously, there is no right to appeal the Seventh Circuit's decision. Thus, the Seventh Circuit's refusal to provide any meaningful hearing is even more oppressive than the due process violation that occurs when a trial court dismisses a cause of action without a fair hearing. E.g., *Jefferson Fourteenth Assoc. v. Wometco de Puerto Rico*, 695 F.2d 524 (11th Cir. 1983).

The Seventh Circuit grossly misunderstood the facts

As noted above, one of the chief reasons for requiring due process is to minimize judicial mistakes. *U.S. v. Good*

Real Property, 126 L.Ed.2d 490, 503 (1993). Mistakes in the Seventh Circuit's opinion unfortunately confirm that the denial of due process leads to inaccurate results.

The Seventh Circuit's conclusion that the Vining packaging requires purchasers to "peer pretty closely" to notice the contrast band on Vining brooms makes no sense with respect to PROFESSIONAL PRODUCTS brooms. Cf. A3, E4. The trial court, which inspected physical samples of the brooms that were not even available to the appellate court, found just the contrary: that the packaging for those brooms does not obscure the fact that the broom has a black band. B5. Further, Vining's belief that a contrast band would attract the attention of potential purchasers (F267-68) and help Vining "climb on the bandwagon" of Libman's success (A6) indicate that the black band does indeed have a significant impact on potential purchasers.

The Seventh Circuit erred when it assumed, "There is no evidence that the wrapper is ever removed before a sale to the consumer." A3. In fact, the only type of packaging used on PROFESSIONAL PRODUCTS brooms is a kind of plastic wrapper that Vining's own witness had admitted is commonly removed before a sale to the consumer. Stip. 57, F358.

The Seventh Circuit criticized Libman for not presenting some type of "actual confusion" evidence: "It should not have been very hard for Libman to find some satisfied owners of its brooms and confront them with the Vining brooms and see whether they thought it was the same brand of broom." A7. There was testimony like that concerning the PROFESSIONAL PRODUCTS broom:

> Q. Do you find any confusion between those two brooms?
>
> A. Yes.

Q. Why?

A. Because they both have a colored band. They both have a black band, and a consumer, I would be confused looking at the broom for a few seconds, would be confused as to who the manufacturer was, and the consumer spends just a few seconds looking at the product in the wrap.

F177. The credibility of this testimony was an issue for the trial court, not the Seventh Circuit. *Anderson*, 470 U.S. at 529.

The petitioner asks the Court to consider whether *some* due process safeguards are appropriate when the public interest is jeopardized by an appellate court reversal of an uncontested finding. The petitioner submits that where an issue of public harm is so important that it must be reviewed by an appellate court *sua sponte*, it must be equally important that the issue be decided correctly. In those circumstances, the appellate courts should provide either pre-hearing notice that the issue is being considered *or* a post-decision hearing to minimize the risk of erroneously authorizing the resumption of conduct that is harmful to the public. The petitioner submits that the public interest warrants such protection against mistaken judgments, and that the Fifth Amendment demands it.

CONCLUSION

For the reasons set forth above, a writ of certiorari should issue to review the judgment and opinion of the Seventh Circuit.

Respectfully submitted,

Allen H. Gerstein, Esq.*
Richard M. LaBarge, Esq.
Michael R. Graham, Esq.
MARSHALL, O'TOOLE, GERSTEIN,
MURRAY & BORUN
6300 Sears Tower
233 South Wacker Drive
Chicago, Illinois 60606-6402
(312) 474-6300

Attorneys for Petitioner

*Counsel of Record

April 9, 1996

APPENDICES

IN THE

UNITED STATES COURT OF APPEALS

FOR THE SEVENTH CIRCUIT

LIBMAN COMPANY,

Plaintiff, Appellee,

v.

VINING INDUSTRIES, INCORPORATED,

Defendant-Appellant.

Appeal from the United States District Court
for the Central District of Illinois, Danville Division.
No. 93 C 2283—**Harold A. Baker,** *Judge.*

ARGUED SEPTEMBER 26, 1995—DECIDED NOVEMBER 16, 1995

Before POSNER, *Chief Judge,* and BAUER and COFFEY, *Circuit Judges.*

POSNER, *Chief Judge.* The Libman Company brought suit against Vining Industries for infringement of a federally registered trademark on a broom. After a bench trial, the district judge enjoined Vining from selling the infringing line of brooms and in addition awarded Libman almost $1.2 million in monetary relief, representing Vining's profits from that sale. The main ground of the appeal, and the only one we need discuss, is that the district court committed clear error in finding that consumers were likely to mistake Vining's broom for Libman's.

A broom has, of course, a head of bristles. In 1993, after being twice turned down, Libman succeeded in registering with the U.S. Patent and Trademark Office a trademark that consists of a color scheme in which one vertical band or

segment of bristles is a different color (a "contrasting" color, in the language of the trademark registration) from the remaining bristles. The particular choice of contrasting colors in not part of the trademark, however. Libman had begun marketing these brooms in 1990. The contrasting-color band was sometimes red and sometimes green or black, the rest of the bristles being either a very dark gray, verging on black, with the red band, or a lighter gray with the green or black band. The brooms sold well. In 1993 Vining began marketing its own contrasting-color broom, the contrasting colors being light and medium gray.

The parties agree that Libman cannot prove infringement of its trademark without proving that consumers of brooms are likely to be confused about the source of Vining's brooms—and to think that they are Libman's. 15 U.S.C. §1114(1)(b); *AHP Subsidiary Holding Co. v. Stuart Hale Co.*, 1 F.3d 611, 615 (7th Cir. 1993). A trademark is not a property right, but an identifier; so, provided no one is likely to be confused by the alleged infringer, there is no impairment of the interest that the trademark statute protects. The evidence of likelihood of confusion in this case is vanishingly thin. Vining sold several hundred thousand of the allegedly infringing brooms, yet there is no evidence that any consumer ever made such an error; if confusion were likely, one would expect at least one person out of this vast multitude to be confused, or more precisely one would expect Libman to have been able to find one such confused person. Nor was any survey conducted in an effort to determine the likelihood of confusion. The district court pointed out, moreover, that "from a distance, with the cardboard cover in place, the [Vining] broom doesn't have the appearance of a Libman broom." The head of each broom is sold with a plastic wrapper around it, but the opaque label affixed to Vining's wrapper, unlike the label on Libman's wrapper, is so large that it hides the contrasting colors of the bristles. It does not hide them completely, but, especially since they are merely different shades of gray, you have to peer pretty closely to notice

this feature of the broom. The labels are not similar and of course the brand names are different. Consistent with the different style of packaging the brooms, Libman's advertising (at least the advertising that is in the record, but that is all we have to go on) shows the undressed broom, its contrasting colors boldly displayed. Vining's does not.

But "with their covers removed," the judge went on to say, "the two brooms are quite similar in appearance." The photographs in the record do not support this characterization, as the only thing the brooms have in common, besides being brooms, is that their bristles are in contrasting color bands rather than being all of one color. But this is an element of similarity and we shall not quibble over the district judge's use of the word "quite." The brooms, however, are sold in their wrappers. There is no evidence that the wrapper is ever removed before a sale to the consumer. (There is evidence that at trade shows the wrapper is sometimes removed, but those are promotions to the trade, not to consumers.) A consumer who is curious about the strength or stiffness or other tactile properties of the bristles can feel them through the plastic wrapper, which is very thin; she would have no occasion to ask the salesman to remove the wrapper.

So why is the undressed state of the broom relevant? Because the consumer might, upon removing the opaque wrapper from the Vining broom when she brought the broom home, think that she had bought a Libman rather than a Vining. Here is how her confusion might hurt Libman: The two brands of broom, though sold through the same *type* of outlet (supermarkets and mass-market retailers), are rarely sold by the same outlet, the reason being that retailers prefer to stock only one brand of broom. (It's a cheap but bulky item; they don't want to fill up the store with different brands of it.) Because a broom is so cheap (under $10), consumers don't spend a lot of time mulling over their decision whether to buy. If their old broom is wearing out, which usually happens after a year or so, they'll look for a new one

the next time they find themselves in a store that sells brooms. Suppose that in 1993 you buy a Libman broom. You like it; you think it's a great broom; and you associate the contrasting color bands with the name "Libman." Eventually the broom wears out and you have to buy a new one. You find yourself in a store that does not stock the Libman broom (you don't know this), but only the Vining broom. If you saw them side to side you would know that the Libman, and not the Vining, broom was the one you had had a good experience with. But you don't see them side to side. All you see is a broom that has contrasting color bands. You think it's a Libman broom, and buy it. Had you known it was not a Libman broom you would have waited to replace your old broom until you found yourself in a store that stocked the Libman broom.

This is a plausible narrative, one consistent not only with the objectives of trademark law but also with a large number of cases which hold that where, as in this case, the public does not encounter the parties' trademarks together, the existence of minor differences that would clearly distinguish them in a side-by-side comparison does not refute an inference of likely confusion. E.g., *International Kennel Club v. Mighty Star, Inc.*, 846 F.2d 1079, 1088 (7th Cir. 1988); *James Burrough Ltd. v. Sign of the Beefeater, Inc.*, 540 F.2d 266, 275 (7th Cir. 1976); *Sun-Fun Products, Inc. v. Suntan Research & Development Inc.*, 656 F.2d 186, 189 (5th Cir. 1981); see 3 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* ¶23.17[2] (3d ed. 1995). As we put it years ago in a case involving an alleged confusion between "Dramamine" and "Bonamine," "we must determine the purchasing public's state of mind when confronted by somewhat similar trade names *singly* presented." *G.D. Searle & Co. v. Charles Pfizer & Co.*, 265 F.2d 385, 388 (7th Cir. 1959) (emphasis in original).

It would have been nice had the district judge mentioned this theory of confusion rather than just moving without transition or explanation from the fact that the parties'

brooms are *not* confusingly similar when seen side by side to the conclusion that one infringed the trademark of the other. Libman did not object when at argument we judges looked at the brooms side by side and remarked their dissimilar appearance. It further muddied the waters at the argument by describing this case, as its brief had done as well, as a case of "reverse confusion." The term refers in trademark law to an entirely different practice, that of the alleged infringer's so saturating the market with advertising for his trademark that the public comes to believe that he, rather than the plaintiff, is the source of the plaintiff's trademarked product. *Sands, Taylor & Wood Co. v. Quaker Oats Co.*, 978 F.2d 947, 957 (7th Cir. 1992); 3 McCarthy, *supra*, ¶23.01[5].

In view of the conceptual confusion it comes as no great surprise that Libman neglected to present *evidence* to support its misnamed theory that satisfied consumers of its broom might be fooled when they shopped for a replacement in a store that sold only Vining's broom. To insist on evidence might seem to be to commit the error of thinking that proof of actual confusion is required in a trademark-infringement case, and of course it is not unless damages are sought. *Web Printing Controls Co. v. Oxy-Dry Corp.*, 906 F.2d 1202, 1204-05 (7th Cir. 1990); *Resource Developers, Inc. v. Statue of Liberty-Ellis Island Foundation, Inc.*, 926 F.2d 134, 139 (2d Cir. 1991). Libman sought injunctive relief and Vining's profits, not damages. *Taco Cabana Int'l, Inc. v. Two Pesos, Inc.*, 932 F.2d 1113, 1126 (5th Cir. 1991), aff'd on other grounds, 505 U.S. 763 (1992). But our point is only that a finding of likely confusion can no more be based on pure conjecture or a fetching narrative alone than any other finding on an issue on which the proponent bears the burden of proof.

To this Libman might reply that deliberate copying ("bad faith") is one of the factors that courts rely on in determining the likelihood of confusion. It is. *Computer Care v. Service Systems Enterprises, Inc.*, 982 F.2d 1063, 1070 (7th Cir. 1992); *Paddington Corp. v. Attiki Importers & Distributors, Inc.*, 996 F.2d 577, 586-87 (2d Cir. 1993). But in context,

"bad faith" in the district judge's opinion does not appear to mean that Vining was trying to confuse consumers. So far as appears—and it is all that the record supports—Vining noticed that Libman's brooms were selling briskly, inferred that consumers like brooms with contrasting color bands, and decided to climb on the bandwagon. We call that competition, not bad faith, provided there is no intention to confuse, and, so far as appears, there was none. Cf. *M-F-G Corp. v. EMRA Corp.*, 817 F.2d 410, 412 (7th Cir. 1987). The distinction between copying "features whose value to consumers is intrinsic and not exclusively as a signifier of source" and features whose only significance is in identifying the source of the product is emphasized in *Thomas & Betts Corp. v. Panduit Corp.*, 65 F.3d 654, 663 (7th Cir. 1995). See also *Duraco Products, Inc. v. Joy Plastic Enterprises, Ltd.*, 40 F.3d 1431, 1453 (3d Cir. 1994). The line is a fine one. *W.T. Rogers Co. v. Keene*, 778 F.2d 334, 339-40 (7th Cir. 1985). But there is neither evidence nor a finding (as we read the district judge's opinion) that it was deliberately crossed.

The two brooms are not packaged alike and do not have similar names; while the "undressed" brooms are similar, they are not identical; the appearance of the brooms in advertising was dissimilar; and the trademark is a thin one, since adding a colored stripe is hardly a distinctive way of marking a product. We now know, of course, that a color can be a trademark. *Qualitex Co. v. Jacobson Products Co.*, 115 S. Ct. 1300 (1995). And we do not hold that Libman's contrasting-color trademark was insufficiently distinctive to be registrable. Cf. *Application of Data Packaging Corp.*, 453 F.2d 1300 (C.C.P.A. 1972). (Vining argues this, but we need not and do not reach the issue.) Still, we're in the gray area (pardon the pun) where a rather commonplace design used for a trademark may be taken by consumers as a form of decoration—a way, here, of jazzing up the humblest of utilitarian products. 1 McCarthy, *supra*, ¶7.17, p. 7-77. We pointed out that Vining may have taken it so in deciding to produce a similar broom.

We do not want to make a fetish of testimony, expert or otherwise. Sometimes it is obvious just from comparing the products that consumers are likely to be confused as to their source. But this is not such a case. If the record were limited to the brooms themselves and the advertising for them, no reasonable person would think that there was a substantial danger of confusion. We take the district judge to have acknowledged this in the passage we quoted earlier from his opinion. Libman's narrative of possible confusion cannot be regarded as better than a hypothesis, and a hypothesis that has not been tested. It should not have been very hard for Libman to find some satisfied owners of its brooms and confront them with the Vining broom and see whether they thought it was the same brand of broom. Without such evidence it would be pure speculation to conclude that anyone, let alone a significant fraction of the broom-buying public, could have been misled into believing that the Vining broom and the Libman broom were one and the same brand. *Restatement (Third) of Unfair Competition* §20, comment g (1995).

Either consumers are confused at the point of sale, or they become confused later and this carries over to the next time they are in the market for the product. The district court rightly disparaged the first theory and failed to discuss the second. The evidence supports neither, and the judgment for the plaintiff must therefore be reversed with instructions to enter judgment for the defendant.

REVERSED.

COFFEY, *Circuit Judge*, dissenting. I am unable to join in the majority opinion because I believe it is contrary to the law of this circuit regarding "likelihood of confusion" and because I am concerned that my colleagues have disregarded the "clearly erroneous" standard of review that governs a district court's findings in this area. Given the centrality of the "likelihood of confusion" concept in the law of trademark infringement, I must respectfully dissent.

I. *The Elements of "Likelihood of Confusion"*

At the core of Libman's trademark infringement claim is the assertion that broom consumers are likely to be confused about the source of Vining's brooms, and are likely to think that Vining's brooms are Libman's. The brooms marketed by Vining used color-contrasted bristles in a fashion resembling the design registered by Libman as a protected trademark in 1993. The gist of Libman's argument is that satisfied customers of its broom could be misled by this similarity when shopping for a replacement broom in a store that carries only the Vining brand. At trial, Libman presented no evidence of actual confusion among consumers (i.e., no survey data or anecdotal evidence showing that consumers were in fact confused by Vining's use of color-contrasted broom bristles), nor was it required to do so by any of the cases in which this court has defined the elements of "likelihood of confusion."

The majority opinion disclaims any intention to "make a fetish out of testimony, expert or otherwise" and it concedes that proof of actual confusion is *not* required in a trademark infringement case unless damages are sought. Nevertheless, my colleagues lay great emphasis on the absence of actual-confusion evidence in making their case that "[t]he evidence of likelihood of confusion in this case is vanishingly thin." The majority opinion notes that:

> Vining sold several hundred thousand of the allegedly infringing brooms, yet there is no evidence that *any* consumer ever made such an error; if confusion were likely, one would expect at least one person out of this vast multitude to be confused, or more precisely one would expect Libman to have been able to find one such confused person.

This analysis, in my view, departs from well-established precedent in this circuit, which holds that "[a] variety of factors may be material in assessing the likelihood of confusion" and that "[n]one of these factors by itself is dispositive

of the likelihood of confusion question." *McGraw-Edison Co. v. Walt Disney Productions*, 787 F.2d 1163, 1167 (7th Cir. 1986) (citations omitted). The relevant factors, as they have been delineated by this court, are:

(1) similarity between the marks in appearance and suggestion;

(2) similarity of the products;

(3) area and manner of concurrent use;

(4) degree of care likely to be exercised by consumers;

(5) strength of complainant's mark;

(6) actual confusion; and,

(7) intent of defendant to 'palm-off his product as that of another.'

Smith Fiberglass Prods. v. Ameron, Inc., 7 F.3d 1327, 1329 (7th Cir. 1993); *AHP Subsidiary Holding Co. v. Stuart Hale Co.*, 1 F.3d 611, 615 (7th Cir. 1993); *International Kennel Club, Inc. v. Mighty Star, Inc.*, 846 F.2d 1079, 1087 (7th Cir. 1988).

The majority's approach to the likelihood-of-confusion issue "sweeps under the rug" our well-established seven-factor test, and instead dwells on Libman's failure to produce evidence of actual confusion:

> Without such evidence [of actual confusion] it would be pure speculation to conclude that anyone, let alone a significant fraction of the broom-buying public, could have been misled into believing that the Vining broom and the Libman broom were one and the same brand.

This fetishizing of actual confusion evidence flatly contradicts this court's oft-stated holding that "the plaintiff need not show actual confusion in order to establish likelihood of confusion." *Sands, Taylor & Wood Co. v. Quaker Oats Co.*, 978 F.2d 947, 960 (7th Cir. 1992), *cert. denied* ____ U.S. ____,

113 S.Ct. 1879, 123 L.Ed.2d 497 (1993) (citations omitted); *Computer Care v. Service Systems Enterprises, Inc.*, 982 F.2d 1063, 1069 (7th Cir. 1992) ("actual confusion need not be demonstrated; the test is likelihood of confusion and actual confusion is only one element of the test"); *Schwinn Bicycle Co. v. Ross Bicycles, Inc.*, 870 F.2d 1176, 1187 (7th Cir. 1989) ("[T]he plaintiff need not prove every factor in order to prevail. . . . The weight and totality of the most important factors in each case will ultimately be determinative of the likelihood of confusion, not whether the majority of the factors tilt the scale in favor of one side or the other.").

Obviously, evidence of actual confusion can be highly probative of the likelihood of confusion. For this reason, our cases recognize that such evidence, when available, is "entitled to substantial weight." *Helene Curtis Industries, Inc. v. Church & Dwight Co.*, 560 F.2d 1325 (7th Cir. 1977), *cert. denied* 434 U.S. 1070, 98 S.Ct. 1252, 55 L.Ed.2d 772 (1978). Nevertheless, the nature of a particular product can make it unlikely that this kind of evidence will ever surface. Under such circumstances, as one commentator has observed, the absence of actual confusion evidence is not particularly significant:

> [C]ourts generally acknowledge that a plaintiff need not prove actual confusion in order to establish trademark infringement. This . . . is especially true where the unavailability of such evidence is expected, *for example, where the competing items are low-priced goods usually purchased on impulse and consumers would not be expected to complain about purchasing the wrong product.* . . . In such instances, courts generally treat the actual confusion factor as a non-factor, with the absence of such evidence having no adverse impact on the plaintiff's ability to prove infringement.
>
> It must [also] be remembered that in many instances the fact that a plaintiff has not adduced

> actual confusion evidence does not necessarily mean that actual confusion has not occurred.

Michael J. Allen, *The Role of Actual Confusion Evidence in Federal Trademark Infringement Litigation,* 16 Campbell L. Rev. 19, 23-25 (Winter 1994) (emphasis added). Libman introduced testimony, apparently undisputed by Vining, that brooms are low-cost items generally purchased on impulse. This testimony is "relevant to the likelihood of confusion because presumably consumers take less time purchasing low-cost items, and haste increases the possibility of confusion." *AHP Subsidiary,* 1 F.3d at 616; *Maxim's Ltd. v. Badonsky,* 772 F.2d 388, 393 (7th Cir. 1985) (risk of confusion is greater with low-cost items because purchasers are unlikely to complain when dissatisfied, thus bringing to light confusion).

As discussed in more detail below, it is the trial court, as trier of fact, and not the court of appeals, that evaluates and weighs the factors. *Schwinn Bicycle,* 870 F.2d at 1184 ("the district court has discretion to determine the evidentiary weight to be given any single factor.") We have held that "[t]t is paramount for the trier of fact to look to the *totality of the circumstances and evidence* and then, after careful consideration and reflection, in its own sound judgment assess the likelihood of confusion." *Id.* (emphasis added).

I am satisfied, as my colleagues apparently are not, that the district court engaged in a careful and reasoned weighing of the evidence. The court analyzed the factors as follows:

> The two brooms are similarly designed [factor #1], are similar products [factor #2], and have the same sale outlets and purchasers [factor #3]. The two products are advertised through the same media [factor #3]. Libman has no evidence of actual confusion [factor #6]. But as the witness Robert Libman pointed out, the purchase of a broom is not a large expense item and is not an event that is likely to cause a buyer to call up and complain about being

> confused about which product he or she bought [factor #4]. There is some evidence in the record that purchasers recognize the Libman mark and occasionally call . . . asking where they may purchase the broom they saw advertised [factor #5]. . . . While a market study of likelihood of confusion would have been helpful evidence to the court, the elements of a *prima facie* showing of likelihood of confusion are present and Vining has not rebutted that showing. The court finds, therefore, that it is more probably true than not that [Vining's] use of a contrast color band on its brooms is likely to cause confusion among ordinary purchasers as to the source of the brooms.

With respect to the question of Vining's bad faith (i.e., its intent to "palm-off"), the court found that "while the evidence is not strong . . . there was certainly no effort on its part to avoid infringement. In fact, at best it appears that [Vining] just didn't care." [factor #7].

The trial judge (as the trier of fact) thus considered each and every one of the required factors and concluded that a likelihood of confusion existed, notwithstanding the absence of actual confusion evidence. I am unable to join in the majority opinion because I believe that it elevates one of these factors—actual confusion—to a status that is clearly inconsistent with our precedent in this area. If the court wishes to embark on a new course and give actual confusion a more prominent role than the other analytical elements,[1] it should do so explicitly.

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[1] *See* Edwin S. Clark, *Finding Likelihood of Confusion with Actual Confusion: An Analysis of the Federal Courts' Approach*, 22 Golden Gate U. L. Rev. 393 (Spring 1992) (recommending that courts rely more heavily on actual confusion and that they explicitly acknowledge the importance of this factor).

II. *Appellate Review of Likelihood-of-Confusion Determinations*

"Whether or not there is a likelihood of confusion is a question of fact as to the *probable* or actual actions and reactions of prospective purchasers of the goods or services of the parties." *McGraw-Edison*, 787 F.2d at 1167 (quotation omitted, emphasis added). We must therefore uphold a trial court's likelihood-of-confusion determination unless there has been a showing of clear error. *Sunmark, Inc. v. Ocean Spray Cranberries, Inc.*, No. 95-1017, slip op. at 7 (7th Cir. August 29, 1995); *Smith Fiberglass*, 7 F.3d at 1329; *AHP Subsidiary*, 1 F.3d at 616; *Forum Corp. of North America v. Forum, Ltd.*, 903 F.2d 434, 438 (7th Cir. 1990); *Scandia Down Corp. v. Euroquilt, Inc.*, 772 F.2d 1423, 1428 (7th Cir. 1985), *cert. denied* 475 U.S. 1147, 106 S.Ct. 1801, 90 L.Ed.2d 346 (1986) (question of likelihood of confusion is "all fact and no law").

The Supreme Court recently described the clearly erroneous standard as "significantly deferential," noting that an appeals court may reverse the factual findings of a district court only if it is left with "a definite and firm conviction that a mistake has been committed." *Concrete Pipe & Prods., Inc. v. Construction Laborers Pension Trust*, ____ U.S. ____, 113 S.Ct. 2264, 2279-80, 124 L.Ed.2d 539 (1993) (*quoting United States v. United States Gypsum Co.*, 333 U.S. 364, 395, 68 S.Ct. 525 L.Ed.2d 746 (1948)).

I am concerned that the majority has not applied the "clearly erroneous" standard of review in this case, but rather has engaged in *de novo* fact finding. In one part of its opinion, the majority paraphrases Libman's argument concerning the likelihood of confusion, namely, that satisfied Libman customers will be confused as to the source of Vining's color-contrasted brooms when they encounter them in stores that carry only the Vining broom. The majority initially characterizes this as a "*plausible* narrative" (emphasis

added). Elsewhere in the opinion, however, the majority contradicts itself by deriding Libman's likelihood-of-confusion argument as "pure conjecture," "fetching narrative," and "no better than a hypothesis." The majority's ultimate conclusion, which appears to be based largely on its own inspection of the brooms side by side,[2] is that "no reasonable person would think there was a substantial danger of confusion."

In my considered opinion, the majority too easily "brushes aside" the Supreme Court's admonition in *Anderson v. Bessemer City* that a reviewing court may not reverse a factual finding simply because it would have decided the issue differently:

> If the district court's account of the evidence is *plausible* in light of the record viewed in its entirety, the court of appeals may not reverse it even though convinced that had it been sitting as the trier of fact, it would have weighed the evidence differently. Where there are two permissible views of the evidence, the factfinder's choice between them cannot be clearly erroneous.

470 U.S. 564, 573-74, 105 S.Ct. 1504, 84 L.Ed.2d 518 (1985) (emphasis added); *see also Dugan v. United States*, 18 F.3d 460, 463 (7th Cir. 1994) (the function of the appeals court is not to reweigh evidence or to substitute its own judgment for that of the trier of fact). Clear error is the standard of review,

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[2] The value of such a comparison is questionable. Trademark infringement can exist when, as in this case, the goods or services at issue are not typically seen by consumers side by side. An allegedly infringing mark:

> must . . . be evaluated on the basis of its likely effect upon consumers who do *not* have [both marks before them] but who may have a general, vague, or even hazy, impression or recollection of the [plaintiff's] mark[] such as may trigger a belief that a relationship exists.

James Burrough, Ltd. v. Sign of the Beefeater, Inc., 540 F.2d 266 (7th Cir. 1976).

as *Anderson* teaches, even when a district court's findings rest not on credibility determinations, but on physical or documentary evidence. *Id.* at 1512; *see also* Fed.R.Civ.P. 52(a). It is important for us to apply the clearly erroneous standard properly and consistently when we are called upon to review factual findings. As Chief Judge Posner has himself reminded us, "district judges are specialists in finding facts, *as we are not*, and . . . *our primary function*, which is to maintain the uniformity and coherence of the law, *is not engaged by a judgement so dependent on the specific circumstances of each case.*" *Brock v. TIC International Corp.*, 785 F.2d 168, 171 (7th Cir. 1986) (emphasis added). When appellate courts intrude on the fact-finding role of the district courts, they undermine the legitimacy of trial courts in the eyes of litigants, multiply appeals by encouraging appellate re-trial of factual issues, and needlessly reallocate judicial authority. Fed.R.Civ.P. 52(a) Advisory Committee's Note (1985 amendment).

These observations apply with particular force in the area of trademark infringement, which is highly fact-specific. *See* Patricia J. Kaeding, *Clearly Erroneous Review of Mixed Questions of Law and Fact: The Likelihood of Confusion Determination in Trademark Law*, 59 U. Chi. L. Rev. 1291, 1309-1310 (Summer 1992) (deferential review promotes judicial accuracy and the efficient use of appellate resources because "fact-specific issues . . . can be determined with the same, or nearly the same, degree of consistency at the trial level."). In the *Scandia* case, this court considered and rejected an appellant's argument that we should review *de novo* a district court's conclusion that two business logos were confusingly similar. We noted that:

> The district judge is manager of the entire swirl of facts, and the clearly erroneous rule is based in substantial measure on a belief that because appellate courts never are in a better position than the district court [to evaluate factual issues], and often are in a worse one, a substitution of judgment would

> increase the randomness of the process without increasing accuracy over the run of cases. 'Duplication of the trial judge's efforts in the court of appeals would very likely contribute only negligibly to the accuracy of fact determination at a huge cost in diversion of judicial resources.'

Scandia, 772 F.2d at 1428 *(quoting Anderson)*.

It seems to me that the majority, contrary to our own precedent, has evaluated the likelihood of confusion afresh and substituted its own judgment for that of the district court. My colleagues are too willing to revisit factual issues: not just the ultimate factual issue in this case (likelihood of confusion), but subsidiary findings on issues such as the strength of Libman's mark and the similarity of the broom designs. The district court found that Libman's use of contrasting colors was the "distinguishing feature" of its trademark and that this mark was, at a minimum, strong enough to be protectable under the trademark law. The majority apparently disagrees, and (oblivious to the large amount of money Libman spent to develop, market, and advertise its color-contrasted brooms) disparages the mark as "a thin one," "a rather commonplace design," and merely "a way . . . of jazzing up the humblest of utilitarian products."

The majority also disagrees with the district court's finding that Vining's adoption of a color-contrasted design made its broom similar to Libman's, *even though Vining used a different pair of contrasting colors*. However, as the majority concedes (at least in one part of its opinion), this is a "plausible" finding. It is not as though the trial judge concluded that Lake Michigan and the Sahara Desert are confusingly similar because they are both large. In other words, although I happen to agree with the trial court's finding, my agreement or disagreement is beside the point. The court's clearly-stated finding of similarity is not so tenuous that it

should leave any of the members of this panel with "a definite and firm conviction" that a mistake has been committed. The same is true of the district judge's ultimate determination that ordinary purchasers were likely to be confused as to the source of Vining's brooms.

The clearly erroneous standard, as Chief Judge Posner has observed, "requires us appellate judges to distinguish between the situation in which we *think* that if we had been the trier of fact we would have decided the case differently and the situation in which we are *firmly convinced* that we would have done so." *Carr v. Allison Gas Turbine Div., General Motors Corp.*, 32 F.3d 1007 (7th Cir. 1994). Lacking the firm conviction required by the clearly erroneous standard, I must respectfully dissent.

In my view, the majority opinion is "likely to confuse" the law of trademark infringement in this circuit by giving too much analytical weight to the actual confusion factor and by encroaching on the fact-finding role of the district court. I therefore dissent and state for the record that I would affirm the district court.

A true Copy:

Teste:

Clerk of the United States Court
of Appeals for the Seventh Circuit

P-1

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF ILLINOIS

THE LIBMAN COMPANY,
Plaintiff,

vs.

VINING INDUSTRIES, INC.,
Defendant.

NO. 93-CV-2283

FINDINGS OF FACT, CONCLUSIONS OF LAW, AND FINAL ORDER

This is a case seeking damages and equitable relief for infringement of a registered trademark. The court's jurisdiction is predicated upon 15 U.S.C. §1121(a) and 28 U.S.C. §1338(a).

I.

The Libman Company (Libman) manufacturers brooms, mops and brushes and sells them in the national market. On April 6, 1993, Libman's mark for upright brooms: "a contrasting color applied to the fibers or filaments of a broom head in the form of a wide vertical line or band along one vertical edge of the broom head fibers or filaments" was registered as a trademark on the principal register of the United States Patent and Trademark Office. The registration shows the application was filed on March 12, 1990, and that in the course of the proceedings it was established that the mark was first used by Libman in commerce on April 30, 1990. There was no opposition to the registration of the mark.

The defendant, Vining Industries, Inc (Vining), claimed at the outset of the suit that Libman's mark was invalid because commencing in 1989, before Libman registered its

mark, Kaminstein Imports, Inc. had marketed an Italian yellow and black bristled broom in the United States. In the course of the trial, however, Vining abandoned that argument, dismissed its counterclaim and withdrew its claimed license agreement with Kaminstein as an exhibit.

In September 1993, Vining purchased the O'Cedar line of mops and brooms from The Drackett Company. O'Cedar is a well known line of brooms and is a national competitor of Libman. Vining continued the O'Cedar line and does not dispute its responsibility for the sale of the brooms that are at issue in this case. In January 1992, Vining decided to introduce a new O'Cedar product called the O'Cedar 2000. This broom has a band of dark gray bristles at the heel of the broom contrasted with the lighter gray bristles at the front of the broom. It is this O'Cedar 2000 broom and a later produced Professional Products Extra Wide broom that Libman claims are an infringement of its trademark.

In 1990, Libman produced a line of brooms called 201 brooms. These brooms made use of Libman's patented off-centered and angled handle and were called the Libman Precision Angle Broom. The bristles of the 201 broom are of even length. When they are placed on the floor, the handle of the broom angles at about 5 degrees from the vertical toward the back edge of the broom, *i.e.* the edge closer to the sweeper's feet. The trademarked, narrow, contrasting color band is located at the front edge of the broom, the edge farthest from the sweeper's feet. The first 201 brooms had a red contrasting color band at the front edge and the rest of the bristles were gray. These brooms were placed in commerce in April, 1990.

In 1991, Libman began to make 201 brooms with green contrasting color bands and the remaining bristles gray. Libman also began to produce and market a 205 broom, the Libman Large Precision Angle broom. It was a large version of the 201 broom and had the same color stripe. The Libman 910 broom, introduced in 1994, is a heavy duty version of the

205 and bears the same markings and a contrasting color stripe. All Libman brooms have bristles of even stiffness, front to back.

Libman has advertised its contrasting color band brooms to consumers through magazines such as Family Circle, McCall's, Good Housekeeping, Better Homes and Gardens, For Women First and Woman's Day. It has advertised to the trade through brochures, flyers and trade magazines. Recently, Libman has undertaken some television advertising.

Libman has protested the sale in the United States by Kaminstein Imports of an Italian produced broom with a color stripe but has not filed an infringement action. Libman filed suit against Rubbermaid for infringing Libman's color stripe trademark and Rubbermaid withdrew the broom and the suit was dismissed. Empire also began to produce a color banded broom but that was withdrawn by Rubbermaid when Rubbermaid acquired Empire.

Libman sells its brooms predominantly in supermarkets like Eagle Foods and Giant Foods. It also sells through mass market retailers such as K-Mart and Wal-Mart. Since 1990 Libman has sold over 3,720,000 of its color contrast band brooms with gross sales in excess of $10 million comprising 10% of Libman's business. Each year Libman's color band broom sales escalate:

1990	182,388	$ 550,797
1991	728,628	$1,949,241
1992	738,456	$2,150,400
1993	1,010,424	$2,917,846
11/22/94	1,060,740	$3,117,334

The O'Cedar angled fiber broom in years past was the most popular seller in upright brooms. It has a small broom head with yellow fibers cut at an angle, the shorter bristles are stiffer than the longer bristles. *See*, Plaintiff's Exhibit 7, pp.2 and 4. The O'Cedar angled broom was the first widely

accepted angled broom in the United States. Libman, in about 1988, began to consider an angled broom. There are two ways to angle a broom—angle the head or cut the fibers at an angle. Libman chose to angle the head and the handle. It put a red stripe on the broom in August, 1988, and began to advertise the broom to the trade in September, 1989. The broom was introduced into commerce, as stated above, in January 1990.

O'Cedar decided in January, 1992, to upgrade its very successful yellow angled fiber broom.[1] Thus, O'Cedar introduced the O'Cedar 2000 color contrast broom. The existence of the 2000 broom was discovered by Libman on April 12, 1993. Libman protested the use of the color band on the O'Cedar 2000 broom to the Chief Executive Officer of the O'Cedar Division of the Drackett Products Co. But O'Cedar went forward with its plans[2] and the 2000 broom came on the market in May or June of 1993. This litigation followed.

II.

The O'Cedar 2000 broom as it is offered for sale has a cardboard shroud or cover that hides most of the bristles although some of the bristles at both ends are visible through a clear plastic wrapping. Most of the bristles on the O'Cedar 2000 broom are a whitish gray and are at the end of the broom with the longer angled bristles. The thicker band of dark gray bristles is at the back end of the broom and is shorter and not angled. The cardboard cover announces that the darker bristles are Super Tuff[3] and are designed for tough spots or crevices. From a distance, with the cardboard cover in place, the O'Cedar 2000 Broom doesn't have the appearance of a Libman broom. With their covers removed,

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[1] This coincides with the time that Libman's color banded 201 broom sales escalated from 182,000 to 728,000 per year.

[2] This was right at the time that Vining was in the process of acquiring the O'Cedar division from Drackett.

[3] An O'Cedar trademark.

the two brooms are quite similar in appearance. The O'Cedar 2000 broom and the Libman 201 broom are the same width and each has a color band at one end of the broom. The O'Cedar and Libman brooms are sold through the same channels of trade and advertised in the same magazines.

The O'Cedar Professional Products Extra Wide Broom is the same width as the Libman Large Precision Angle Broom and each has a color band at one end of the broom. The O'Cedar product has the stiffer bristles at the one end of the broom colored black and the remaining bristles are yellow. The wrapping of the larger O'Cedar broom is plastic, part of which is opaque. The advertising on the opaque portion of the wrapper does not obscure the fact that the broom has a color band at one end.

A necessary element of Libman's case is proof of the likelihood of confusion. Libman must show that the broom purchasing public is likely to confuse the Libman and O'Cedar color contrast brooms. *Union Carbide Corp. v. Ever-Ready, Inc.*, 531 F.2d 366, 381 (7th Cir.) *cert. denied* 429 U.S. 830 (1976). The two brooms are similarly designed, are similar products, and have the same sale outlets and purchasers. The two products are advertised through the same media. *Ever-Ready*, 531 F.2d at 381-82. Libman has no evidence of actual confusion.[4] But as the witness Robert Libman pointed out, the purchase of a broom is not a large expense item and is not an event that is likely to cause a buyer to call up and complain about being confused about which product he or she bought. There is some evidence in the record that purchasers recognize the Libman mark and occasionally call on the telephone asking where they may purchase the broom they saw advertised. "[I]t is sufficient if someone adopts

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[4] Proof of actual confusion is not necessary. "As we have stated many times, however, the plaintiff need not show actual confusion in order to establish likelihood of confusion." *Sands, Taylor & Wood Co. v. Quaker Oats Co.*, 978 F.2d 947, 960 (7th Cir. 1992) *cert. denied*, 113 S.Ct. 1879 (1993).

a . . . trademark so like another in form, . . . that one, with a not very definite or clear recollection as to the real trade-mark, is likely to become confused or misled." *Ever-Ready*, 531 F.2d at 382 (quoting *Spangler Candy v, Crystal Pure Candy Co.*, 353 F.2d 641, 644 (7th Cir. 1965)). While a market study of likelihood of confusion would have been helpful evidence to the court, the elements of a *prima facie* showing of likelihood of confusion are present and Vining has not rebutted that showing. The court finds, therefore, that it is more probably true than not that the O'Cedar use of a contrast color band on its brooms is likely to cause confusion among ordinary purchasers as to the source of the brooms.

While the evidence is not strong on the question of Vining's bad faith or actual intent to infringe, there was certainly no effort on its part to avoid infringement. In fact, at best it appears that the O'Cedar people just didn't care. The Vining witness who was responsible for the development of the 2000 broom with the contrast color band said that he made no effort to check for trademark infringement. His rather lame excuse was that Vining's marketing division was responsible for that and he only checked for possible patent infringement. Vining went on with the sale of the 2000 brooms after it was notified of Libman's registration. One would have to be exceptionally credulous to accept at face value the assertion of the Vining witnesses, that when they decided to develop the 2000 product series in 1992, they were not aware of the Libman color banded broom in the market place or of its success. The evidence of bad faith here is certainly as strong as it was in *Sands, Taylor & Wood Co. v. Quaker Oats Co.*, 978 F.2d 947 (7th Cir. 1992) *cert. denied*, 113 S.Ct. 1879 (1993); and the court infers that Vining acted in bad faith in pursuing its marketing of color band brooms.

One of the arguments that flowed through the trial dealt with the use of color as a trademark. The court concludes that the Libman mark is not dependent upon any particular color. In fact the company has used contrasting bands of

different colors since it began use of the trademark. The distinguishing feature, as the registration points out, is a contrasting color band at one end of the broom. In addition to the presumption of validity that attaches to the registration of the mark, the court notes the distinction about color as a trademark drawn by the cases decided in this circuit.

In *NutraSweet Co. v. Stadt Corp.* the court said "[a]lthough color alone cannot be protected as a trademark, it may be protected if it is used in connection with some symbol or design . . . ." 917 F.2d 1024, 1027 (7th Cir. 1990) (citing *Barbasol Co. v. Jacobs*, 160 F.2d 336, 338 (7th Cir. 1947)). Libman's contrasting color band is not just a color, but a protectible design. The Libman mark is new and is still building consumer recognition. As Robert Libman testified, trying to acquire a mark of distinction in the broom trade, is something done over time.

The court concludes that Vining has infringed Libman's trademark by its production and sale of the O'Cedar 2000 broom and the O'Cedar Professional Products Extra Wide Angle Broom and that Libman is entitled to an injunction against further sale of the O'Cedar brooms and to recover Vining's profits from those already sold.

III.

The Lanham Act provides that a successful plaintiff may recover against the infringer three categories of monetary damages: "(1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action." 15 U.S.C. §1117(a) (1982 & Supp. 1994). *See also, Intel Corp. v. Terabyte International, Inc.*, 6 F.3d 614, 620 (9th Cir. 1993); *Broan Manufacturing Co. v. Associated Distributors, Inc.*, 923 F.2d 1232, 1235 (6th Cir. 1991). "The court shall assess such profits and damages or cause the same to be assessed under its direction." 15 U.S.C. §1117(a). Prejudgment interest, although not expressly provided for in section 1117(a), is within the discretion of the court. *Sands, Taylor & Wood,*

978 F.2d at 963; *Gorenstein Enterprises, Inc. v. Quality Care-USA, Inc.*, 874 F.2d 431, 436 (7th Cir. 1989).

The defendant's profits that must be disgorged are his net profits. The costs necessary to generate the income from the infringing products must be estimated by the court and allowed as a deduction from gross profits. *Murphy Door Bed Co. v. Interior Sleep Systems*, 874 F.2d 95, 103 (2nd Cir. 1989). "In assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed." 15 U.S.C. §1117(a).

According to Libman's accountant, Vining made a net profit of $1,108,850 on the sale of the infringing O'Cedar brooms. According to Vining's accountant, Vining lost $512,112.03 on the sale of the O'Cedar 2000 brooms. It all depends on how you count the beans.

Both sides started their calculations with the same uncontested sales figures.[5] Vining calculated a loss by setting off against its sales, *all* of its O'Cedar division costs and expenses. The court finds this to be unpersuasive. Vining's chief financial officer counted the beans improperly be setting off company expenses that were not attributable to the sale the infringing brooms. In essence, Vining failed to "prove all elements of cost or deduction claimed," as required by 15 U.S.C. sec. 1117(a). Therefore the correct calculation of profits is that of the Libman accountant, Mark Hosfield of Coopers & Lybrand. Mr. Hosfield adjusted the

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[5] O'Cedar sales figures are as follows:

O'Cedar 2000 brooms:

1993	162,416	$ 894,458.41
1994 to 8-27	185,290	$1,001,631.05

O'Cedar Professional Products Extra Wide brooms:

8-27-94 to 11-27-94	$ 435,318.40

(Sales of the O'Cedar 2000 brooms represent only 2/3 of 1% of Vining's total business.)

costs/expenses figure so that it did not include blanket O'Cedar costs not properly attributable to the infringing brooms. *See* Plaintiff's Exhibit 2, pp. 2-4.

Libman also seeks prejudgment interest on the Vining profits to which Libman is entitled. Libman may recover that interest. *Sands, Taylor & Wood Co. v. Quaker Oats Co.* 978 F.2d at 963; *see also, Gorenstein Enterprises, Inc. v. Quality Care-USA, Inc.*, 874 F.2d 431, 436 (7th Cir. 1989). The witness Hosfield computed that interest as $58,840. Plaintiff's Exhibit 32, Sched. A.

IV.

The Clerk is directed to issue an injunction enjoining and restraining Vining Industries, Inc. from continuing to distribute or offer for sale its line of O'Cedar 2000 color banded brooms and the O'Cedar professional Products Extra Wide Angle color banded brooms. Vining, pursuant to 15 U.S.C. §1116, shall be directed by the injunction to file with the court and serve on the plaintiff, within thirty days after service on Vining of the injunction, a report in writing under oath setting forth in detail the manner and form in which Vining has complied with the injunction.

The Clerk is further directed to enter judgment in favor of the plaintiff, The Libman Company, and against the defendant, Vining Industries, Inc., in the sum of $1,167,690.00 together with costs of suit.

ENTER THIS 24th day of January, 1995.

ss/

HAROLD A. BAKER
SENIOR UNITED STATES
DISTRICT JUDGE

UNITED STATES COURT OF APPEALS
FOR THE SEVENTH CIRCUIT
Chicago, Illinois 60604
January 10, 1996

Before

Hon. Richard A. Posner, Chief Judge

Hon. William J. Bauer, Circuit Judge

Hon. John L. Coffey, Circuit Judge

LIBMAN COMPANY,
Plaintiff-Appellee,

No. 95-1905 *v.*

VINING, INDUSTRIES, INCORPORATED,
Defendant-Appellant.

Appeal from the United States District Court for the Central District of Illinois, Danville Division. No. 93 C 2283 Harold A. Baker, *Judge.*

ORDER

On November 30, 1995, plaintiff-appellee filed a petition for rehearing with suggestion for rehearing en banc. All the judges on the original panel have voted to deny the petition, and none of the active judges has requested a vote on the suggestion for rehearing en banc. The petition is therefore DENIED.

IN THE UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF ILLINOIS
DANVILLE DIVISION

THE LIBMAN COMPANY, *Plaintiff,* v. **VINING INDUSTRIES, INC.,** *Defendant.*	Civil Action No. 93-2283 Hon. Harold A. Baker

PRE-TRIAL ORDER

This matter having come before the court at a pre-trial conference held pursuant to Rule 16 of the Federal Rules of Civil Procedure and Local Rule 2.11; and Basil P. Mann and Richard M. LaBarge of the law firm MARSHALL, O'TOOLE, GERSTEIN, MURRAY & BORUN having appeared as counsel for the plaintiff, and Donald J. Mooney of the law firm BENESCH, FRIEDLANDER, COPLAN & ARONOFF having appeared as counsel for the defendant, the following action was taken:

I. NATURE OF ACTION AND JURISDICTION

This is an action for trademark infringement under 15 U.S.C. §§1051-1127 and unfair competition under 15 U.S.C. §1125(a)(1)(A). The jurisdiction of the court is invoked under 15 U.S.C. §1121 and 28 U.S.C. §§1338(a). The jurisdiction of the court is not disputed. Defendant has asserted a counterclaim seeking an order declaring the trademark at issue to be invalid.

II. JOINT STATEMENT

A. JURISDICTION

This court has jurisdiction over the subject matter of this action pursuant to 15 U.S.C. §1121 and 28 U.S.C.

§§1338(a) and 1338(b). This court has jurisdiction over the parties hereto insofar as Plaintiff is a domiciliary of this district and Defendant has and continues to conduct or transact business within the state of Illinois, and is therefore subject to jurisdiction pursuant to the Illinois Long-Arm Statute. Venue properly lies with this court pursuant to 28 U.S.C. §1391(c). The jurisdiction of the court and the propriety of venue is not disputed.

B. UNCONTESTED FACTS

The following facts are uncontested. The parties do *not* agree that all these facts are relevant.

I. The Parties

1. Plaintiff, THE LIBMAN COMPANY ("Libman"), is an Illinois corporation having a principal place of business at 220 N. Sheldon, Arcola, Illinois.

2. Defendant, VINING INDUSTRIES, INC. ("Vining"), is an Ohio corporation having a principal place of business at 625 Burt Street, Springfield, Ohio.

3. On or about September 20, 1993, Vining acquired the O-Cedar business of The Drackett Company, and has since that time continued the business of that division under the O-CEDAR trade name and trademark. Vining does not dispute responsibility for the sale of the brooms at issue in this case, including sales that preceded the acquisition of the business.

4. Libman is in the business of manufacturing and selling household cleaning items, namely brooms, mops, and brushes, and markets and sells its goods nationwide.

5. Libman is one of the oldest and one of the largest broom manufacturers in the United States, dating back to 1896.

6. Vining is also in the business of manufacturing and selling brooms, mops, and brushes, and sells its goods nationwide, including in the state of Illinois.

7. The O-CEDAR brand historically has been the largest-selling and best-known brand in the mop and broom category. Until recently, the LIBMAN name has been relatively unknown.

8. O-CEDAR products are historically sold at a moderately higher price than competing products.

II. Libman's Contrast Color Band Trademark

9. Libman is the owner of federally registered trademark U.S. Reg. No. 1,763,701, which recites, "The mark consists of a contrasting color applied to the fibers or filaments of a broom head in the form of a wide vertical line or band along one vertical edge of the broom head fibers or filaments" (a "contrast color band"). PX-17 is the Patent and Trademark Office file history of Libman's trademark registration.

10. Libman's registration does not identify any particular color for the contrast color band.

III. Libman's Adoption and Use of Its Contrast Color Band Trademark

11. Libman owns a patent on the use of an off-centered and angled handle on a broom.

12. Libman's no. 201 model broom ("201 broom") is covered by the patent. When the bristles of the 201 broom are placed on the floor, the handle is angled at approximately 5° from the vertical toward the "back edge" of the broom and away from the "front edge". The narrower contrast band has always been located at the "front edge" of the 201 broom.

13. Libman uses a contrast color band on all its 201 brooms. As sold, the brooms also bear the LIBMAN and PRECISION-ANGLE trademarks, and is marketed as the

Precision Angle broom. For purpose of these stipulations, the Precision Angle broom is referred to as the 201 broom.

14. Libman first used its contrast color band trademark on 201 brooms sold and shipped in interstate commerce in April 1990.

15. Libman's earliest 201 brooms were sold with a red contrast color band at the front edge on a field of gray bristles.

16. Since 1991, some of Libman's 201 brooms have been sold with a green contrast color band at the front edge on a field of gray bristles.

17. After the initial success of the 201 broom, Libman introduced a larger version of the patented broom, the no. 205 model ("205 broom"), which has marketed as the Large Precision Angle broom. That broom is referred to hereafter as the Libman no. 205 broom.

18. Libman uses the contrast color band on all its 205 brooms. As sold, the brooms also bear the LIBMAN and LARGE PRECISION ANGLE trademarks.

19. Libman first used its contrast color band on 205 brooms sold and shipped in interstate commerce in 1991.

20. Libman's 205 broom is sold with a green contrast color band at the front edge on a field of gray bristles.

21. In January, 1994, Libman introduced a third version of the patented broom, a no. 910 model ("910 broom") intended for professional or heavy duty use.

22. Libman uses the contrast color band on all its 910 brooms. As sold, the brooms also bear the LIBMAN trademark and logo.

23. Libman's 910 broom has been sold with either a black or red contrast color band at the front edge on a field of gray.

24. On all of Libman's 201, 205 and 910 brooms, the bristles bearing the contrast color band are exactly the same as the other bristles on the brooms except in color.

IV. Libman's Promotion and Sales of Its Contrast Color Band Brooms

25. Since 1990, Libman has spent more than $500,000 to advertise its 201 broom to consumers primarily through magazine advertisements and less frequently through promotional spots on television programs. No one in the industry uses 30-second or 15-second commercials to advertise a single broom or broom line.

26. Libman's magazine advertising of its patented brooms does not verbally direct attention to the contrast color band, as by a statement "look for the color band", but does prominently show the head of the broom without any packaging.

27. Libman has promoted and advertised its 201 broom to consumers through magazine advertisements, television promotions on game shows, and point-of-purchase displays. Libman has not promoted its 205 and 910 brooms in that fashion.

28. Advertisements featuring Libman's 201 broom have appeared in the consumer magazines *Family Circle*, *McCall's*, *Good Housekeeping*, and *Women's Day*.

29. Libman has promoted and advertised its 201 broom to the trade through brochures, flyers, and advertising in trade magazines, including *Super Market News* and *HomeWorld Business*.

30. Libman has also promoted and advertised its 205 and 910 brooms to the trade.

31. Libman has protested the use of a color band on a broom manufactured in Italy by Fratelli Re and distributed in the U.S. by Kaminstein Imports. However, Libman has filed no infringement action against Kaminstein. The

Fratelli Re broom was sold in some Bed, Bath and Beyond stores. The parties do not agree to the extent of the distribution.

V. Channels of Trade, Customers, and Sales of Libman's Contrast Color Band Brooms

32. Libman sells its 201 and 205 brooms predominantly through supermarkets and mass market retailers nationwide.

33. Libman's 201 and 205 brooms have been sold through supermarkets such as Eagle Foods and Giant Foods, and through mass market retailers such as K-Mart and Wal-Mart.

34. Since 1990, Libman has sold more than 3,720,000 of its patented brooms bearing a contrast color band:

1990	—	182,388
1991	—	728,628
1992	—	738,456
1993	—	1,010,424
1994 (to 11/22)	—	1,060,740

35. Since 1990, Libman has had gross sales of more than $10 million for its patented brooms bearing a contrast color band throughout the United States:

1990	—	$ 550,797
1991	—	$1,949,241
1992	—	$2,150,400
1993	—	$2,917,846
1994 (to 11/22)	—	$3,117,334

36. As of May, 1994, Libman's 201 broom led in plastic broom sales through mass merchandisers.

37. As of May, 1994, Vining's O-CEDAR ANGLER broom led in plastic broom sales through grocery stores.

38. As of May, 1994, Libman's 201 and 205 brooms were collectively the no. 2 brand of plastic brooms sold in the United States, trailing only Vining's O-CEDAR ANGLER broom.

39. Libman has presold its 910 brooms predominantly to home centers and warehouse clubs.

40. In the first two years of their introduction, Libman's 201 and 205 brooms grew to represent about 10% of Libman's business.

41. Libman's 201 and 205 brooms now represent about 10% of Libman's business.

VI. Vining's Adoption and Use of Libman's Contrast Color Band

42. Libman's application to register its contrast color band trademark on the Principal Register was published for opposition on September 11, 1990.

43. Neither Vining nor its predecessor in interest opposed Libman's application.

44. In January, 1993, the O-CEDAR 2000 line of brooms, mops, and brushes was introduced by Vining at the Annual Housewares Show in Chicago.

45. One of the products sold under the O-CEDAR 2000 trademark is a plastic upright broom.

46. Most of the bristles on the O-CEDAR 2000 broom are white or light gray. The broom has a band of thicker bristles. The band of thicker bristles are colored a dark gray, and are located at the back edge of the broom.

47. Vining began selling O-CEDAR 2000 brooms in commerce in May or June, 1993, and continues to sell such brooms in commerce. The packaging on the product promotes the dark gray bristles under the SUPER TUFF trademark.

48. At the present time, Wal-Mart and K-Mart are not currently carrying the O-CEDAR 2000 broom.

49. The O-CEDAR 2000 broom now represents only approximately 2/3 of 1% of Vining's business.

50. In September, 1994, Vining began marketing and selling another broom for professional and heavy-duty use. The broom is called the O-CEDAR PROFESSIONAL PRODUCTS ANGLE BROOM. Most of the bristles on the broom are black. The broom has a band of thicker bristles in the back edge of the broom. The band of thicker bristles are colored yellow. The product has a shroud with molded ribs on the front edge end, and bears an embossed "O-Cedar" brand.

VII. Promotion and Sales of the O-CEDAR 2000 Broom

51. Vining currently sells its O-CEDAR 2000 broom with a cardboard sleeve bearing the "O-Cedar" brand over a central portion of the head and bristles of the broom, but with some of the bristles on either end of the head exposed under a clear plastic wrapping. To date, Vining's consumer promotion and advertising of the O-CEDAR 2000 line has always depicted the broom in its cardboard sleeve.

52. Vining has promoted and advertised the O-CEDAR 2000 line of products to consumers through the same media that Libman uses to advertise its 201 and 205 brooms.

53. In some trade promotions the O-CEDAR 2000 broom has been shown without any sleeve, displaying the band of dark gray bristles on the back edge of the broom, but including the O-CEDAR 2000 name.

54. Vining has promoted and advertised its O-CEDAR 2000 line of products, including the O-CEDAR 2000 broom, to the trade through the same media and methods that Libman uses to promote and advertise its 201 and 205 brooms.

55. Vining has revised the design of the cardboard sleeve used on the O-CEDAR 2000 broom to include captions on either end of the broom head intended to indicate the position of thicker and less thick bristles.

56. In order to use the O-CEDAR 2000 broom, the cardboard sleeve must be removed.

57. The new O-CEDAR PROFESSIONAL PRODUCTS broom is marketed and sold with a plastic wrapper on which background designs, text, and the O-CEDAR logo appears, but without any cardboard sleeve. The plastic wrapper is partially opaque, covering part of the broom's bristles when sold at retail.

VIII. Channels of Trade, Customers, and Sales of the Brooms at Issue

58. Vining sells its O-CEDAR 2000 brooms through supermarkets and mass market retailers nationwide.

59. Sales of Vining's O-CEDAR 2000 brooms have been through the same channels of trade through which Libman's 201 and 205 brooms are sold. However, there are very few stores, if any, at which both the O-CEDAR 2000 and the 201 or 205 broom are sold.

60. Up until August 27, 1994, a total of 347,706 O-CEDAR 2000 brooms had been sold:

1993 — 162,416
1994 — 185,290
(to 8/27)

61. Up until August 27, 1994, a total of $1,896,179.46 had been received by the O-CEDAR business for sales of O-CEDAR 2000 contrast color band brooms throughout the United States:

1993 — $ 894,548.41
1994 — $1,001,631.05
(to 8/27)

62. From August 27, 1994 to November 27, 1994, Vining received $425,318.40 for sales of the O-CEDAR PROFESSIONAL PRODUCTS broom.

63. Libman's 201 and 205 brooms and the O-CEDAR 2000 broom are angled upright plastic brooms.

64. The parties advertise and promote their brooms through the same magazines and channels of trade.

65. The parties' products are sold at wholesale through the same channels of trade.

66. The parties' products have been sold through the same types of retail outlets, but very few retailers have sold both the O-CEDAR 2000 and either the 201 or 205 broom.

67. Libman's 201 and 205 brooms are rarely stocked side-by-side with the O-CEDAR 2000 broom.

68. Brooms are generally replaced only after the passage of more than a year's time.

69. Libman is not aware of any actual instances of confusion among consumers as to the source of the brooms at issue.

IX. Libman's Objection to Libman's Use of a Contrast Color Band

70. On August 12, 1993, Basil P. Mann sent a letter to the "Chief Executive Officer of the O-CEDAR Division of the Drackett Products Co." objecting to the use of the contrast color band on the O-CEDAR 2000 broom.

C. CONTESTED ISSUES OF FACT

In general, the following are the contested factual issues.

1. To what extent, if any, did others use a contrast color band before Libman?

2. Does Libman's mark have either inherent distinctiveness or secondary meaning?

3. Is there a likelihood of confusion?

4. Is the mark functional?

5. Does Vining's use of a darker gray color on the band of stiff bristles at the back edge of the O-CEDAR 2000 broom, or yellow bristles at the back edge of the O-CEDAR PROFESSIONAL PRODUCTS broom, constitute a permissible functional use of the mark?

6. What profits, if any, have been earned by the O-CEDAR business from the sale of O-CEDAR 2000 brooms and O-CEDAR PROFESSIONAL PRODUCTS brooms?

7. Is there willful infringement?

Specifically, the parties contend that the facts should be found as set forth in their proposed findings of fact and conclusions of law, attached as attachments H and I.

D. CONTESTED ISSUES OF LAW

In general, the following are the contested legal issues:

1) Under what circumstances would prior use of a contrast color band by a third party prevent Libman from prevailing here?

2) To what extent, if any, may Vining assert its license agreement with Kaminstein Imports as part of a defense to this action?

3) Can anyone obtain enforceable trademark rights in a contrast color band as claimed by Libman?

4) Must Vining come forward with evidence that Libman's mark does not have secondary meaning?

5) How is the likelihood of confusion standard applied?

6) How is the functionality standard applied?

7) Under what circumstances would Libman be entitled to recover monetary damages?

8) What is the standard for measuring a defendant's profits under the Lanham Act?

Specifically, the parties contend that the law is as set forth in their proposed findings of fact and conclusions of law, attached as attachments H and I.

F. JURY DEMAND

Plaintiff demanded a jury and subsequently moved for a preliminary injunction. The court has ruled that it will consolidate a hearing on Plaintiff's Motion For Preliminary Injunction with a trial on the merits in a bench trial.

III. PLAINTIFF'S STATEMENT

A. ITEMIZED STATEMENT OF DAMAGES

Pursuant to Section 35 of the Lanham Act, 15 U.S.C. §1117, a plaintiff that establishes that a defendant has infringed the plaintiff's rights in a trademark shall be entitled to "(1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action." In addition, the court may award the prevailing plaintiff its reasonable attorney fees in exceptional cases. In addition, the court may award up to treble damages, "according to the circumstances of the case."

Libman has not been able to ascertain the true extent of the financial damage it has suffered from Vining's infringement of its contrast color band trademark. Libman does assert, however, that the extent of the damage can be fairly approximated by the profits Vining has derived from sales of brooms bearing Libman's trademark. Libman therefore requests the court to award it these profits and Libman's costs, which may be determined at the close of trial. Vining's profits amount to $1,108,550. With prejudgment interest, the claimed damages amount to $1,167,389.

Libman further requests the court to award it treble the profits and award Libman its attorney fees since Vining wilfully infringed plaintiff's contrast color band trademark in its sale of the O-CEDAR PROFESSIONAL PRODUCTS broom. Libman also requests prejudgment interest.

IV. WAIVER OF CLAIMS OR DEFENSES

Plaintiff hereby waives its Section 43(a)(2), state, and common law causes of action (counts 3 through 6).

V. EXHIBITS ATTACHED

The following are attached as exhibits to this order and are made a part hereof:

A. Stipulation of uncontested facts and issues of law (signed by all parties)

B. Plaintiff's Witness List

C. Defendant's Witness List

D. Plaintiff's Exhibit List

E. Defendant's Exhibit List

F. Joint Exhibit List

G. Joint Proposed Findings of Fact and Conclusions of Law

H. Plaintiff's Proposed Findings of Fact and Conclusions of Law

I. Defendant's Proposed Findings of Fact and Conclusions of Law

VI. GENERAL ADDITIONAL

IT IS UNDERSTOOD BY THE PARTIES THAT:

The plaintiff is limited to one expert witness whose name and qualifications have been disclosed to the defendant. The defendant will not call any expert witnesses.

Any motions in limine shall be submitted no later than fourteen (14) days prior to the commencement of the trial.

A party may supplement a list of witnesses or exhibits only upon good cause shown in a motion filed and served upon the other party prior to trial; except that, upon the development of testimony fairly shown to be unexpected, either party may, with leave of court, call such contrary witnesses or use such exhibits as may be necessary to counter the unexpected evidence, although not previously listed, and without prior notice to the other party.

It is mutually estimated that the length of trial will not exceed three (3) full days. The case will be listed on the trial calendar to be tried when reached.

This pre-trial order may be modified at the trial of the action, or prior thereto, to prevent manifest injustice. Such

modification may be made either on motion of counsel for either party or on the court's own initiative.

IT IS SO ORDERED

_____

JUDGE

ENTERED: _____

APPROVED AS TO FORM AND SUBSTANCE:

_____

Attorney for the Plaintiff

_____

Attorney for the Defendant

Int. Cl.: 21

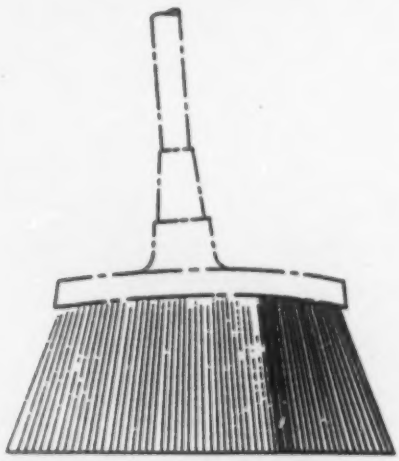
Prior U.S. Cl.: 29

E-1

United States Patent and Trademark Office

Reg. No. 1,763,701
Registered Apr. 6, 1993

TRADEMARK
PRINCIPAL REGISTER



LIBMAN COMPANY, THE (ILLINOIS CORPORATION)
220 NORTH SHELDON
ARCOLA, IL 61910

FOR: BROOMS, IN CLASS 21 (U.S. CL. 29).
FIRST USE 4-30-1990; IN COMMERCE 4-30-1990.
THE MARK CONSISTS OF A CONTRASTING COLOR APPLIED TO THE FIBERS OR FILAMENTS OF A BROOM HEAD IN THE FORM OF A WIDE VERTICAL LINE OR BAND ALONG ONE VERTICAL EDGE OF THE BROOM HEAD FIBERS OR FILAMENTS.

SN 74-037,220, FILED 3-12-1990.

JEFFREY R. COHEN, EXAMINING ATTORNEY

REGISTERED FOR A TERM OF 10 YEARS FROM Apr. 6, 1993

PLAINTIFF'S EXHIBIT PX-1

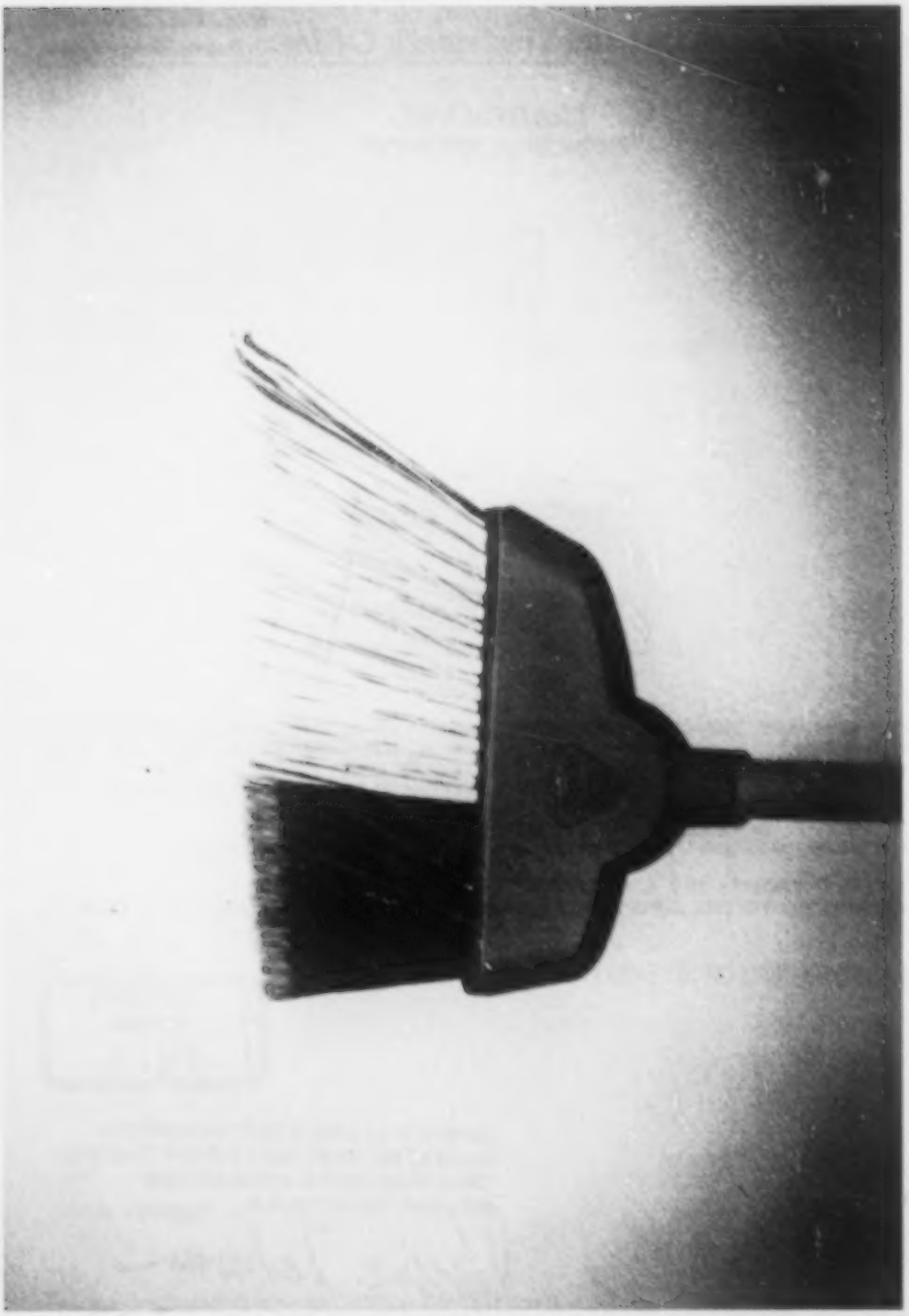
Attest

OCT 20 1993

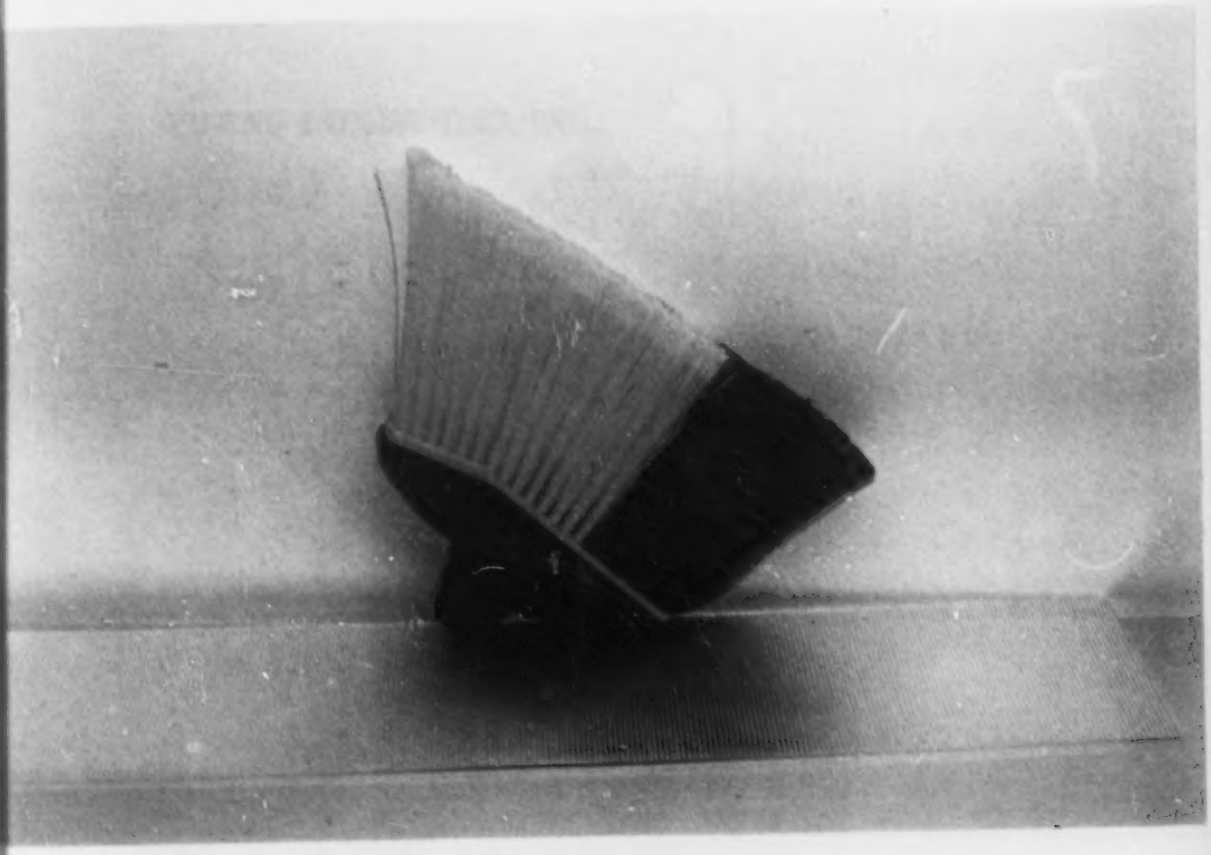
Attesting Officer

Certified to be a true copy of the registration issued by the United States Patent & Trademark Office, which registration is in full force and effect. Record title is in Registrant.

ASSISTANT SECRETARY OF COMMERCE AND COMMISSIONER OF PATENTS AND TRADEMARKS



Plaintiffs'
Exhibit
PX-23



Plaintiffs'
Exhibit
PX-23

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF ILLINOIS
DANVILLE DIVISION

THE LIBMAN COMPANY,
Plaintiff,
v.
VINING INDUSTRIES, INC.,
Defendant.

Case No.: 93-2283

REPORT OF PROCEEDINGS

DATE: DECEMBER 14TH, 1994
BENCH TRIAL
BEFORE: HAROLD A. BAKER
Judge Presiding

APPEARANCES:

For the Plaintiff:
MR. BASIL P. MANN
MR. RICHARD LaBARGE
MR. MICHAEL GRAHAM
Attorneys at Law
Sears Tower
233 S. Wacker Dr.
Ste 6300
Chicago, IL 60606

For the Defendant:
MR. MICHAEL MARRERO
MR. DONALD MOONEY
Attorneys at Law
600 Vine St.
2800
Cincinnati, OH 45202-2409

Toni M. Judd
U.S. Court Reporter
201 South Vine
Urbana, IL 61801
(217) 373-5830

A. Well, first that depends how many cavities are in the mold. Every cavity costs money. It costs to have it engraved, but as an initial cost, and it's ammortized over and it's insignificant.

Q. I want to show you Plaintiff's Exhibit PX 23, Mr. Libman.

MR. MOONEY: Your Honor, this might be an appropriate time to raise an issue, because the first time we brought this product forward, the original complaint in this case related to the O'Cedar 2000 angled broom, which we have talked about. The product that they are showing the witness right now came out, O'Cedar brought it out, I think in the fall of this year.

THE COURT: Has it been involved in discovery?

MR. MOONEY: No.

THE COURT: Is it the subject of a pretrial order?

MR. MOONEY: It's mentioned in the pretrial order.

THE COURT: Then he may proceed.

MR. MOONEY: I guess my only point, Your Honor, although reference was made to it in the pretrial order, we would object to bringing into the case in the last couple of weeks a new product.

THE COURT: Overruled. The claim is one of

ongoing infringement. You may proceed.

Q. I have taken the plastic cover off and I call your attention to the shroud of the broom, which is the black head. You will notice —

THE COURT: And tell me the exhibit number, again. 23?

MR. MANN: PX 23, Your Honor.

Q. Now, is that an example of adding some molding to the head of the broom to call attention to it?

A. Yes.

Q. If you wanted to call attention to that particular broom, you could make any appropriate design, or mark, or whatever you wanted in the mold of the broom, which would then appear in the product which was molded?

A. Absolutely.

Q. And the additional cost would be minimal?

A. Minimal.

. . . .

Q. You were explaining before how heads are molded. Would you continue briefly? How are these shrouds made in a molding machine?

A. I want to put it in terms where you could understand it. It's like placing two cups together, one inside the other. And if you leave a space at the two cups when they go together at that time they are a quarter of an inch or an eighth of an inch a part, hot plastic goes around there.

seller would carry one, but not necessarily both lines.

A. Correct.

THE COURT: Why?

A. The advertising that we have done to generate the sales with the clear emphasis on the color band and the value of the product. Not only pricing, but the value of the consumer and the sale of the product.

Q. Even though your products may not be sold in any given store in direct competition with those of Vining, isn't it true that they are still moving the same general channels of trade?

A. Correct.

Q. Are you competing for the same customers?

A. Absolutely. Everyday.

Q. In your experience how often does a consumer buy a new broom?

A. Once a year, very infrequent.

Q. When a typical buyer, purchaser goes into a store to buy a broom, does he seek out a sales clerk and ask him to show all of the brooms that he has in stock?

A. No.

Q. How does he handle it?

A. It's an impulse purchase. They have maybe 15 seconds walking down the aisle. If they see something they like colorwise, they remember the name and it will

draw their attention to it, and they'll purchase it.
Q. Can you estimate how much time a typical purchaser would spend in deciding which broom to buy?
A. 30 seconds, a minute.
Q. Does he go into the store with the idea of buying a particular broom?
A. I don't think so.
THE COURT: You mean any particular brand of broom?
Q. Any particular brand of broom?
A. No.
Q. Is it fair to say that the brooms, both yours and Vining's cost in general less than ten dollars?
A. Correct.
Q. Does your company ever receive any complaints for refunds because they didn't like your broom, or they were confused by your advertising, or your marketing, or your packaging with the brooms of somebody else?
MR. MOONEY: Objection to the multiple nature of the question.
THE COURT: Kind of limit it.
Q. Let me rephrase the question. Does your company receive any request for refunds?
THE COURT: Do you get customer complaints?
A. On the brooms?

THE COURT: On the brooms.

A. No.

Q. Are you surprised by that?

A. Yes.

Q. Why?

A. People always complain and we don't get complaints on these products.

Q. If there were people who were confused by, or confusing your brooms and those of Vining, would you expect them to get in touch with you?

A. No.

Q. Why not?

A. You are not buying a television or a car. It's a between 5 and $6 item. They are not going to spend the time to contact the manufacturer the fact that they were confused.

Q. The fact that you don't get such a complaint does not indicate, though, that the confusion does not exist?

A. Correct.

Q. You previously compared the quality of the Libman broom with that of the original O'Cedar angler, did you not?

A. Correct.

Q. Would you go through the same type of comparison between the Libman broom and the Vining 2000, which was the

would be sold are they not?
A. Yes.
Q. With the sleeve pulled up, of course.
A. I will pull the sleeve up.
Q. Now, do you find any confusion between those two brooms?
MR. MOONEY: Objection.
THE COURT: State the basis of your objection.
MR. MOONEY: If it's his personal opinion that would be okay. If he is trying to express an opinion as an expert or something, I would object, Your Honor.
THE COURT: If that's your objection, the objection is overruled.
Q. Would you answer the question, please? Do you find any confusion between those two brooms?
A. Yes.
Q. Why?
A. Because they both have a colored band. They both have a black band, and a consumer, I would be confused looking at the broom for a few seconds, would be confused as to who the manufacturer was, and the consumer spends just a few seconds looking at the product in the wrap.
Q. All right. Now, with respect to your broom in your left hand, the Libman product, has the company made any different versions of that?

code into come to directly to me and to my department.
Q. And those telephone calls would come to you then?
A. Yes.
Q. As you know, we have been discussing the Libman 201 broom in this court. I wonder since this broom came out onto the market, have you received telephone calls from consumers about the broom?
A. Yes, I have.
Q. And what, have most of these calls asked for information about the broom?
MR. MOONEY: Objection, as to hearsay, Your Honor.
THE COURT: Well, it's not offered to prove the truth of what's said but that somebody was asking, I suppose.
MR. GRAHAM: That is correct, Your Honor.
THE COURT: She may answer.
A. I have had several calls concerning the 201 precision angle broom.
Q. And what sort of information have they asked for?
A. They ask for again they might ask — most generally they ask where can I purchase this product. They might ask the cost. They may also call in and I have had very minimally but I have had a few complaints possibly one or two a year on this particular broom. Most of my calls

have a very accentuated nose angle, soft bristles that when you sweep with them they want to twist in your hand. So we saw the benefit of stiffer bristles in the back; one, was to reduce torqueing, which is difficult for the consumer to understand, they would recognize it as fatigue, and also to give you another functional purpose. These will sweep heavier and tougher soils.

Q. Why do you wrap it in the cardboard package?

A. It's just more advertising space.

Q. What are you trying to do with the advertising space?

A. Trying to convey as many features and benefits to the consumer as possible. We don't include them all because we have very limited space. Something like torqueing would be difficult to convey. You can talk torqueing with a buyer where you are doing a one on one conversation, but we decided it was a little more difficult to convey on packaging.

The key features of the broom like the dual bristles are conveyed on the packaging.

Q. Once you decided to put dual bristles on there, why did you decide to color them a different shade than the front of the broom?

A. Well, you have to convey to the consumer that there is something different here and bring their eye to it, and

the best way to do it is through color.
Q. Mr. Libman testified that there might be some other ways to do that including some embossing on the mold. Would there be some problems as far as you are concerned with that approach?
A. I wouldn't recommend embossing on the mold because it's not as noticeable as changing the bristle color.
Q. How would you change the mold to indicate darker bristles, and how would consumers be able to —
A. You have to insert it and engrave it.
Q. Would you have to use different colors on the mold, in your opinion?
A. I don't think it would be very feasible to use different colors in the injection process. There are twin injectors, but they are rare and very expensive.
Q. Would it add substantially to the expense if you tried to indicate the existence of the stiffer bristles by some means other than color?
A. Yeah, if you embossed it there would be some expense in the re-creation of the tool.
Q. Do you think it would be as effective in terms of communicating the product?
A. If you put a sticker, it would be expensive for the sticker. It wouldn't stay on through the life of the product, especially on the working end of the unit.

Q. If the difference in stiffness in the bristles were so important, why didn't you make the package open and leave the poly bag unsealed so that the people could touch and feel the difference?

A. You have got to watch, too. If you leave that open, damage in shipping it and that, things move around in a box and it moves around in a truck. If you take the poly bag off, these bristles will bend. If you you bang up against the other items in the carton, it's going to bend. The last thing you want on the shelf for a premium product is to have it not looking premium.

Q. I was going to ask you those characteristics don't apply to other brooms. Other brooms don't get banged around in shelving?

A. Have you gone to a shelf? I have seen poly bags off. I have seen bristles bent. You ought to visit the store more often because I see that quite a bit.

Q. Is the company's intention to keep the cardboard wrapper on the O'Cedar 2000 broom?

A. I am hard pressed to answer that because we left. We were looking at taking that off when I was there and the reason being the whole cost issue on this item. If we could generate the quality in the communication in the poly bag, we might have done that. Obviously, the slow movement was because we had the wrong price value.

Q. Let me ask you to identify what Defendant's Exhibit 83 is.

A. This is the package, the outer package that we had developed for the O'Cedar 2000 angle broom.
Q. And that's the original packaging?
A. You are correct.
Q. In other words, that says "new" on it at the top?
A. Yes.
Q. And I take it the packaging on Defendant's Exhibit 81 is the current packaging?
A. Yes, you are correct.
Q. Is there some marketing room after so many months you have to take "new" off of the products?
A. You have six months of the product by the time it hits the retail shelf to remove the "new" on a package.
Q. What did you attempt to convey through the packaging that you have there?
A. Well, the packaging was a key element of the marketing mix. The whole goal and result we are trying to build behind the business, which was a product that was superior performing and obviously at a premium price. So if you look at the colors. We wanted to separate ourselves from the rest of the marketplace so we used colors the red, the black, the yellow.

We knew from some previous research, and I knew it

when I was on Raid/Drano that those colors enforce efficacy, performance, it shouts premium. It has very strong impact because what you are trying to do is pick up impulse sales.

It kind of provided the communication to reinforce this premium position that we were trying to establish in the marketplace. From this category you have people who spend more time at the shelf than people have been saying.

My feeling in watching consumers this is one of the more expensive purchases in a store. This is not catsup, this is not bread. This is not ready-to-eat cereal. This is anywhere from a 7, $4 to a $13 purchase. And consumers do spend, if it's 40 seconds, they may spend ten seconds on catsup, they spent more time at the shelf, so we made sure we spent a lot of time communicating the proposition, showing how the products work, showing the dual bristles. We mention it on the front and we show it in the back, because that was an important element of the product.

Q. I might add that I think I have spent more on boxes of cereals lately than some of these brooms cost. That's a different story. I notice the use of the word or the use of the color red on this original O'Cedar angle symbol. Have you always used, to the best of your recollection, red with respect to the O'Cedar brand on the products?

A. To the best of my knowledge, that is part of the

IN THE

United States Court of Appeals

FOR THE SEVENTH CIRCUIT

Appeal No. 95-1905

THE LIBMAN COMPANY, *Plaintiff-Appellee,*	Appeal from the United States District Court for the Central District of Illinois, Danville Division
v.	No. 93-CV-2283
VINING, INDUSTRIES, INC., *Defendant-Appellant.*	The Honorable **Harold A. Baker,** Judge Presiding.

BRIEF AND APPENDIX OF DEFENDANT-APPELLANT

David C. Hilliard
Joseph N. Welch
Jean Marie R. Pechette
PATTISHALL, MCAULIFFE, NEWBURY,
HILLIARD & GERALDSON
311 South Wacker Drive
Suite 5000
Chicago, Illinois 60606
(312) 554-8000

Of Counsel:

Vincent V. Carissimi, Esq.
PEPPER, HAMILTON & SCHEETZ
3000 Two Logan Square
Eighteenth and Arch Streets
Philadelphia, Pennsylvania 19103-2799
(215) 981-4000

4. On April 12, 1995, Vining timely filed a Notice of Appeal and a Jurisdictional Statement.

II. ISSUES ON APPEAL

A. Does Libman own the exclusive right to use any "contrasting color applied to the fibers... of a broom head in the form of a wide vertical line or band" when the purported mark is not inherently distinctive, enjoys no secondary meaning and is used functionally?

B. Once the District Court found no likelihood of purchaser confusion and no actual confusion, did it err in finding that there was a likelihood of post-sale confusion between Libman's broom with red or green fibers and Vining's dissimilar broom with gray and lighter gray fibers?

C. Is Vining's use of different shades of gray solely to designate the contrasting stiffness of its broom fibers a fair use?

D. Did the District Court err in awarding Vining's profits in the absence of any proof of willfulness, likely purchaser confusion, actual confusion, or diversion of one sale to Vining attributable to trademark infringement?

3. The district court erred by failing to properly apply the Seventh's Circuit's confusion factors in assessing likelihood of confusion.

The trial court failed to apply the mandated "digits of confusion test" in determining whether there was likelihood of confusion. *AHP Subsidiary Holding Co. v. Stuart Hale Co.*, 1 F.3d 611, 616 (7th Cir. 1993). The Seventh Circuit has identified seven factors as important in determining likelihood of confusion: (a) distinctiveness (or strength) of complainant's mark; (b) actual confusion; (c) area and manner of concurrent use; (d) similarity between the marks in appearance and suggestion; (e) intent [on the part of the alleged infringer] "to palm-off his product as that of another"; (f) degree of care likely to be exercised by consumers; and (g) similarity of the products. *Smith Fiberglass Prods. v. Ameron, Inc.*, 7 F.3d 1327, 1329 (7th Cir. 1993), citing *AHP Subsidiary Holding Co. v. Stuart Hale Co.*, 1 F.3d 611, 615 (7th Cir. 1993). None of the factors by itself is dispositive. *Smith Fiberglass*, 7 F.3d at 1329; *International Kennel Club, Inc. v. Mighty Star, Inc.*, 846 F.2d 1079, 1087, (7th Cir. 1988); *McGraw-Edison Co. v. Walt Disney Productions*, 787 F.2d 1163, 1168 (7th Cir. 1986).

This Court has "specifically delineated several important factors to "*be considered*." *Schwinn*, 870 F.2d at 1185. Three of the seven factors that are most important are: 1) actual confusion; 2) intent; and 3) similarity of the marks. *Ziebart International Corp. v. After Market Associates, Inc.*, 802 F.2d 220 (7th Cir. 1986). "The weight and totality of the most

important factors in each case will ultimately be determinative of the likelihood of confusion." *AHP Subsidiary Holding Co. v. Stuart Hale Co.*, 1 F.3d 611, 615 (7th Cir. 1993). Because of Libman's failure to sustain its burden of evidencing these critical factors, the district court should have concluded that there was no likelihood of confusion.

Since the district court failed to employ the proper legal analysis, its ultimate factual conclusion of likelihood of confusion should be reviewed *de novo* for "signs that the court's application of the law [to the facts] was infected with legal error." *Forum Corp. of North America v. Forum, Ltd.*, 903 F.2d 434, 438 (7th Cir. 1990). Not only was the district court's legal analysis of inherent distinctiveness and secondary meaning incomplete and erroneous as a matter of law, but its ultimate finding of likelihood of confusion was similarly "infected with legal error". Therefore, this Court should itself review the relevant factors and then reverse the trial court's judgment.

a. Libman's use of red or green fibers is merely decorative and weak.

"A mark is strong if it is highly distinctive, i.e., if the public readily accepts it as the hallmark of a particular source; it can become so because it is unique, because it has been the subject of wide and intensive advertisement, or because of a combination of both." *Frisch's Restaurant, Inc. v. Shoney's, Inc.*, 759 F.2d 1261, 1264 (6th Cir. 1985); *See, e.g., Ocean Garden, Inc. v. Marktrade Co.*, 953 F.2d 500, 506 (9th Cir. 1991). A weak mark "will not enjoy the wide latitude of

95-1638

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Respondent.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Seventh Circuit

RESPONDENT'S BRIEF IN OPPOSITION

DAVID C. HILLIARD
Counsel of Record for Respondent
JOSEPH N. WELCH
JEAN MARIE R. PECHETTE
Pattishall, McAuliffe, Newbury, Hilliard & Geraldson
311 South Wacker Drive
Suite 5000
Chicago, Illinois 60606
(312) 554-8000

Of Counsel:
VINCENT V. CARISSIMI, ESQ.
Pepper, Hamilton & Scheetz
3000 Two Logan Square
Eighteenth and Arch Streets
Philadelphia, Pennsylvania 19103-2799
(215) 981-4000

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QUESTIONS PRESENTED FOR REVIEW

1. Did the Court of Appeals fully consider and correctly decide that the Libman Company failed to meet its burden of proof at trial?

2. Should the Petition be denied because the judgment of the Court of Appeals would be affirmed on other grounds?

RULE 29.6 STATEMENT

Vining Industries, Inc. has no non-wholly owned subsidiaries, and its parent company is O'Cedar Holdings, Inc.

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RESPONDENT'S BRIEF IN OPPOSITION

STATEMENT OF THE CASE

Despite finding that Libman failed to prove secondary meaning or purchaser confusion, the district court after a bench trial, entered judgment against Vining, ruling that Vining had infringed Libman's trademark. The district court enjoined Vining from "continuing to distribute or offer for sale its line of O'CEDAR 2000 color banded brooms and the O'CEDAR professional products Extra Wide Angle color banded brooms." (B-9)[1] The district court also

[1] For the Court's convenience, citations to the district court's opinion will be to Appendix B ("B-__") and citations to the Seventh Circuit's opinion will be to Appendix A ("A-__"), attached to the Petition. Citations to the transcript of the bench trial on December 14-16, 1994

awarded Libman almost $1.2 million as the amount of Vining's profits from the sale of its O'CEDAR brooms, including the larger version professional broom.

The Seventh Circuit's opinion correctly sets forth the facts of the case and the errors in the district court's judgment. Contrary to Libman's assertion, the Seventh Circuit did not apply a new standard for reviewing the district court's finding on likelihood of confusion; it held simply that Libman did not meet its burden of proving likelihood of confusion.

Libman claims the Seventh Circuit should have disregarded the absence of actual confusion because customer complaints showing confusion between Libman's and Vining's brooms were unlikely. However, Libman's President, Robert Libman, testified he was "surprised" that the company did not receive any customer complaints on the Libman brooms because "[p]eople *always* complain and we don't get complaints on these products." (Tr. 66-67).

Moreover, Libman claims for the first time in its Petition that Vining did not appeal the injunction as applied to Vining's professional broom. The record refutes Libman's claim. The district court's judgment enjoined the O'CEDAR professional broom and Vining appealed the district court's judgment. (*See* Notice of Appeal, Vining's Opening Brief at App. 11) Photographs and a specimen of both the O'CEDAR and the Libman professional brooms were part of the Record on Appeal. Vining referred to its

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are to "Tr.". Citations to the trial exhibits are denoted "PX" followed by a number for plaintiff Libman's exhibits and "DX" for defendant Vining's exhibits. Citations to stipulations of the parties that are part of the Final Pre-Trial Order are to "Stip." followed by a number.

O'CEDAR professional broom in its Opening Brief (Op. Br. at 5), and its Reply Brief (Rep. Br. at 8), and Libman referred to the O'CEDAR and Libman professional brooms in its appellate brief. Libman also attached photographs of them. (Libman Br. at 8; A34, A9).

Finally, in alleging to this Court that the professional brooms are confusingly similar, Libman only provided this Court with three photographs of *Vining's* brooms. (Pet. at E-3 and E-4.)[2] *Libman did not provide photographs of its own brooms for comparison.* Depicted below are the brooms *as sold* by both parties. As is readily apparent, there is *no* confusing similarity:

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[2] E-4 is a photograph of Vining's broom in its wrapper as *sold*. E-3 is a photograph of Vining's broom *without* its wrapper. E-2 is Vining's O'CEDAR 2000 broom *without* its cardboard wrapper. (Op. Br. 6-7).

Vining's Broom As Sold
(DX81, PX22)

Libman's Broom As Sold
(DX84, PX2)

Vining's Professional Broom As Sold
(PX 23)

Libman's Professional Broom As Sold
(PX 5)

REASONS FOR DENYING THE PETITION

I. THE SEVENTH CIRCUIT FULLY CONSIDERED AND CORRECTLY DECIDED THAT LIBMAN FAILED TO MEET ITS BURDEN OF PROOF AT TRIAL.

A. The Seventh Circuit Properly Held that Libman had Failed to Meet its Burden of Proof at Trial.

The Seventh Circuit simply and correctly held that plaintiff Libman failed to meet its burden of proof at trial. As the Seventh Circuit succinctly put it, "The evidence of likelihood of confusion in this case is vanishingly thin." (A-2) Indeed, as stated by the Court:

> Either consumers are confused at the point of sale, or they become confused later and this carries over to the next time they are in the market for the product. The district court rightly disparaged the first theory and failed to discuss the second. *The evidence supports neither* . . . (A-7, emphasis added)

Therefore, the Court properly held that the district judge "committed clear error in finding that consumers were likely to mistake Vining's broom for Libman's." (A-1)

Libman's secretary treasurer, William Libman, conceded at trial that the brooms at issue were not confusing:

> Q. Those brooms [the Libman 201 broom and the O'CEDAR 2000 broom] are now in the condition in which they are sold, are they not?
>
> A. Yes.

Q. *Do you find any confusion between the two?*

A. *No.*

Q. *Why not?*

A. *Because on the O'CEDAR broom you can't see what's underneath the cardboard. It's totally obscured. You can't see through cardboard.* (Tr. 176). (emphasis added)

Likewise, Libman's President, Robert Libman, also admitted that confusion was not possible:

Q. Now, let's talk a little bit about consumer confusion. . . . You don't believe that any consumers who saw these two packages [the Vining broom and the Libman broom in packaging as sold] side by side would be confused as to the source of either one of them do you?

A. I agree with that.

Q. They would know that Defendant's Exhibit 84 is manufactured by Libman and Defendant's Exhibit 83 is manufactured by O'CEDAR?

A. I believe that.

Q. And, at this point in time, you believe that both brands have significant awareness among the public, correct?

A. I agree with that. (Tr. 104-5).

Faced with admittedly dissimilar packaging and appearance, damaging trial admissions and no countervailing evidence (such as a survey, or customer testimony), and the district court's finding of no point-of-sale confusion (B-4,

5), Libman spun, at best, a "narrative of possible confusion" (A-7). Libman speculated that a Libman consumer could somehow be confused when he or she later "shopped for a replacement in a store that sold only Vining's broom."[3] (A-5). However, Libman introduced no evidence to prove this "hypothesis." (A-7)

In sum, nothing more was left than what the Seventh Circuit aptly described as "pure conjecture" (A-5) on how a consumer would mistake a Vining broom for one of Libman's. The Seventh Circuit's reversal based on failure of proof was proper and consistent with the analysis applied in other Circuits. *See e.g., Merriam-Webster, Inc. v. Random House,* 35 F.3d 65 (2d Cir. 1994), *cert. denied,* 115 S. Ct. 1252 (1995) (reversing injunction and $4 million award based on parties' prominent housemarks and logos, and lack of actual confusion or survey evidence); *Conopco, Inc. v. May Dept. Stores, Co.,* 46 F.3d 1556, 1571 (Fed. Cir. 1994), *cert. denied,* 115 S. Ct. 1724 (1995) (reversing trial court's judgment, concluding that evidence did not support finding of likelihood of confusion). Libman's petition therefore should be denied.

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[3] Even under this theory, Libman still would have had to overcome its own trial admissions that the O'CEDAR 2000 broom as sold in its opaque cardboard packaging "totally obscures" the two-toned fibers. The Libman broom consumer who finds himself or herself in a store carrying only O'CEDAR brooms still would *not* see a broom that has contrasting color fibers.

B. Consistent with the Law in Other Circuits, The Seventh Circuit did not Require Proof of Actual Confusion But Properly Considered the Absence of Actual Confusion in Its Analysis of Likely Confusion.

Libman argues that the Seventh Circuit required proof of actual confusion. However, the Seventh Circuit specifically ruled that evidence of actual confusion *is not* required in trademark infringement cases:

> To insist on evidence might seem to be to commit the error of thinking that proof of actual confusion is required in a trademark-infringement case, and of course *it is not* unless damages are sought . . . But our point is only that a finding of likely confusion can no more be based on pure conjecture or a fetching narrative alone than any other finding on an issue on which the proponent bears the burden of proof. (A-5). (emphasis added)

Nevertheless, the absence of actual confusion is entitled to some, if not substantial, weight.[4] Courts of appeals have consistently held that evidence of actual confusion, and conversely, absence of proof of actual confusion is given significant consideration in the likelihood of confusion

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[4] Libman argues that there was evidence of confusion (Pet. 19-20), but relies on the self-serving testimony of William Libman. He speculated that a consumer might be confused when viewing the O'CEDAR and the Libman professional brooms with "the sleeves pulled up" because both brooms have a "black band". However, the brooms are sold with their "sleeves" or wrappers on, and except for Mr. Libman's personal opinion, there was no evidence that *any* consumer has been or is likely to be confused.

analysis. *Oreck Corporation v. U.S. Floor Systems, Inc.*, 803 F.2d 166, 173 (5th Cir. 1986), *cert. denied*, 481 U.S. 1069 (1987) (the "inability to point to a single incident of actual confusion", despite concurrent use of the marks in question, "is highly significant"); *Versa Prods. Co. v. Bifold Co.*, 50 F.3d 189, 205 (3d Cir.), *cert. denied*, 133 L.Ed.2d 19 (1995) ("If a defendant's product has been sold for an appreciable period of time without evidence of actual confusion, one can infer that continued marketing will not lead to consumer confusion in the future."); *See also Lever Bros. Co. v. American Bakeries Co.*, 693 F.2d 251, 257 (2d Cir. 1982) ([S]ubstantial sales of both products over several years, without a single example of actual confusion, becomes significant."); *Pignons S.A. de Mecanique de Precision v. Polaroid Corp.*, 657 F.2d 482, 490-91 (1st Cir. 1981) ("Pignons' inability to bring forth more than...single, feeble and indirect example of possible consumer confusion strongly indicates" no likely confusion).

Libman mischaracterized the holding in *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203 (1942). (Pet. 10) In fact, the Court specifically did *not* review the trial court's finding of likelihood of confusion and infringement:

> [W]e brought the case here *solely* to review the provisions of the decree dealing with the *measure of profits and damages*. Whether there was such an infringement as to entitle the petitioner to the remedies provided by the federal trademark laws is

> therefore not open here. 316 U.S. 204-5. (emphasis added)[5]

See also, Champion Plug Co. v. Sanders, 331 U.S. 125, 131 (1947). Therefore, contrary to Libman's assertion, the Seventh Circuit's opinion does not conflict with this Court's precedent.

C. The Seventh Circuit Properly Considered the "Market Factors" in Determining Libman Did Not Prove Likelihood of Confusion.

Libman misstates the record in claiming that there was "little genuine dispute that the Seventh Circuit 'market factors' weighed in favor of Libman." (Pet. 5) To the contrary, the evidence showed: no actual confusion (A-2); no bad intent: as the Seventh Circuit found, "there is neither evidence nor a finding (as we read the district judge's opinion)" that Vining deliberately "was trying to confuse consumers." (A-6); "the two brooms are not packaged alike and do not have similar names," and the "appearance of the brooms in advertising was dissimilar" (A-6); "the trademark is a thin one . . ." "a commonplace design . . . taken by consumers as a form of decoration —, a way, here, of jazzing up the humblest of utilitarian products" (A-6, A-7); and "hardly [ ] distinctive" (A-6); and the two brooms, "are rarely sold by the same outlet" (A-3).

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[5] Libman also mischaracterized the Seventh Circuit's opinion in *Reed-Union Corp. v. Turtle Wax, Inc.,* 77 F.3d 909, 37 U.S.P.Q.2d 1718 (7th Cir. 1996), where the Seventh Circuit confirmed that though proof of actual confusion is not required, the plaintiff must still prove likelihood of confusion.

The district court found that: the cardboard cover masks the appearance of a Vining broom (B-4); indeed Libman could not muster any evidence of actual confusion (B-5); Libman failed to introduce a "market study" which would have been "helpful evidence to the court" (B-6); and the evidence of alleged bad faith was "not strong" (B-6). The district court also found that Libman's mark was weak in that it was "new and is still building consumer recognition." (B-7) The district court's finding of infringement was clearly erroneous since it was based only upon the fact that the products were similar (i.e. both were brooms), and that Libman had a trademark registration. The Seventh Circuit correctly reversed the district court's finding of likely confusion as clearly erroneous.[6]

D. The Seventh Circuit Applied the Proper Standard of Review Consistent with this Court's Precedent.

Contrary to Libman's assertion, the Seventh Circuit did not substitute its own fact findings or misapply the "clear error" standard in violation of *Anderson v. Bessemer City*,

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[6] Contrary to Libman's contention, the proper remedy in the face of failure of proof is reversal, not a remand to allow Libman a second chance to try the case. Under the clearly erroneous standard, the "role and duty of the Court of Appeals are clear; it must determine whether the trial court's findings are clearly erroneous, sustain them if they are not, but *set them aside if they are.*" *Dayton Board of Education v. Brinkman*, 443 U.S. 526, 99 S. Ct. 2971, 2977, n. 8 (1979) (emphasis added). Here, for "effective judicial administration" and to avoid further needless proceedings (*Levin v. Mississippi River Fuel Corporation*, 386 U.S. 162, 87 S. Ct. 927, 932 (1967)), the Seventh Circuit properly discharged its "unavoidable duty" by reversing the district court. *Brinkman, Id.; Accord, Bigelow v. Virginia*, 421 U.S. 809, 826-827, 95 S. Ct. 2222, 2234-35 (1975); *Pullman-Standard Div. of Pullman, Inc. v. Swint*, 456 U.S. 273, 102 S. Ct. 1781, 1796 (1982).

470 U.S. 564, 105 S.Ct. 1504 (1985). Libman's contention is tenuously premised upon the appellate court's passing reference to Libman's "hypothesis", "conjecture", "theory" or "fetching narrative", as being "plausible". (Pet. 12-13) The Seventh Circuit, however, stated that Libman presented only a *theory* of how consumers might be confused, but Libman did not produce evidence to support this theory. Thus, contrary to Libman's contention, the Seventh Circuit did not at all suggest that there was evidence to support even a "plausible" inference of likely confusion.

In *Anderson*, this Court stated that "[a] finding is 'clearly erroneous' when *although there is evidence to support it*, the reviewing court on the entire evidence is left with the definite and firm conviction that a mistake has been committed." *Anderson*, 105 S.Ct. 1504, 1511. This Court admonished against a reviewing court substituting its own finding if "the district court's account *of the evidence* is plausible." *Id.* (emphasis added) Here, the trial court did not, and could not, make a fact finding based on non-existent evidence, in support of a "misnamed theory" that neither Libman nor the district court considered. Accordingly, the Seventh Circuit did not substitute its own fact finding for that of the trial court's.

The Seventh Circuit also properly held that the district court erred in applying the law, which in turn tainted the district court's consideration of the evidence. Thus, the Seventh Circuit was not limited to a "highly deferential" review of the district court's fact findings. Indeed, as this Court stated in *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 102 S.Ct. 2182, 2189 (1982), "[o]f course, if the trial court bases its findings upon a mistaken

impression of applicable legal principles, the reviewing court is not bound by the clearly erroneous standard."[7]

The Seventh Circuit correctly held that the district court committed clear error because it found likelihood of confusion without applying the correct legal standard (i.e., it totally "failed to discuss" Libman's theory of confusion, "plausible" or otherwise (A-7)):

> It would have been nice had the district judge mentioned this theory of confusion rather than just moving without transition or explanation from the fact that the parties' brooms are not confusingly similar when seen side by side to the conclusion that one infringed the trademark of the other. (A-4, 5)

The district court's conclusion was "infected with legal error, i.e., an erroneous general principle about the way the test should be applied," and was not entitled to the

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[7] *Accord, United States v. Singer Mfg. Co.*, 374 U.S. 174, 194, n. 9, 83 S. Ct. 1773, 1783 (1963); *Pullmann-Standard Div. of Pullman, Inc. v. Swint*, 456 U.S. 273, 102 S. Ct. 1781, 1796 (1982) "[W]here findings of fact 'are made under an erroneous view of controlling legal principles, the clearly erroneous rule does not apply, and the findings may not stand." (cited in Libman's Pet. at 7); *Chevron Chem. Co. v. Voluntary Purchasing Group's, Inc.*, 659 F.2d 695, 696 (5th Cir. 1981), *cert. denied*, 457 U.S. 1126, 102 S.Ct. 2947 (1982) ("district court applied an erroneous legal standard in finding no likelihood of confusion, thereby stripping that determination of the protection normally accorded fact findings"); *Schwinn Bicycle Co. v. Ross Bicycles, Inc.*, 870 F.2d 1176, 1188 (7th Cir. 1989) (district court's statement of law and "mechanical misapplication of the test, in the absence of consideration of the totality of the circumstances, constituted both an error of law and an abuse of discretion"); *Conopco, Inc. v. May Dept. Stores Co.*, 46 F.3d 1556, 1570-71 (Fed. Cir. 1994), *cert. denied*, 115 S. Ct. 1724 (1995).

deference generally given to other findings of fact. *Forum Corp. of North America v. Forum, Ltd.*, 903 F.2d 434, 438 (7th Cir. 1990); *Ives Laboratories, Inc.*, 102 S. Ct. at 2182. Consistent with this Court's ruling in *Anderson*, the Seventh Circuit was justifiably left with "the definite and firm conviction that a mistake has been committed." *Anderson*, 105 S. Ct. at 1511.

E. Libman's Alleged Due Process Claim is Devoid of Merit and was Waived.

The Seventh Circuit neither overlooked the O'CEDAR professional broom, nor "grossly misunderstood the facts" concerning the broom, as Libman contends. (Pet. 18-19) A simple viewing of this broom confirms its dissimilarity to Libman's professional broom ("the 910 broom"). (*See* photographs of the Libman 910 broom and the O'CEDAR professional broom *supra*, at p. 5). Libman's "910 broom" has been sold with either black or red fibers on a field of gray. (Stip. 23). As William Libman admitted, the O'CEDAR professional broom has fibers in yellow similar to the yellow Vining has used for the well-known O'CEDAR Angler for years. (Tr. 186) The well-known O'CEDAR mark and logo in matching yellow are prominently placed on an opaque wrapper. The most striking and dominant feature of the O'CEDAR professional broom is the bright yellow color that has long been associated with the O'CEDAR line of brooms. Like the O'CEDAR 2000 broom, the O'CEDAR professional broom is sold covered with a wrapper that covers the two-color band.[8] (Tr. 190; Stip. 57).

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[8] Libman argues that the prospective purchaser can see the "black" fibers (Pet. 19). This is not material, however, since Libman does not

Moreover, Libman once again mischaracterizes the record by claiming that "Vining's own witness had admitted" that the plastic wrapper is "commonly removed before a sale to the consumer." (Pet. 19) To the contrary, the testimony of Dan Meyer referred to by Libman concerned other manufacturers' brooms and not Vining's. (Tr. 355-358). Meyer was explaining why the O'CEDAR 2000 brooms were in sturdier, more expensive packaging unlike the packaging for other brooms in the market. (Tr. 355-358).

In any event, Libman did not argue in its petition for rehearing that the Seventh Circuit's reversal deprived it of due process. Thus, even assuming that Libman had a valid argument (which it does not), it failed to properly preserve the issue for consideration by this Court. *United States v. Spector*, 343 U.S. 169 72 S. Ct. 591, *reh. denied*, 343 U.S. 951 (1952) (Holding that question which was neither raised, briefed, nor argued, would not be considered by the Supreme Court.)[9]

The Seventh Circuit's conclusion was valid. Libman's due process argument not only is precluded by Libman's failure to preserve it, but would be baseless if preserved.

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claim rights in any particular color but over the "band" that is covered by the wrapper.

[9] Moreover, where a party raises both statutory and constitutional arguments, this Court first addresses the statutory argument in order to avoid unnecessary resolution of the constitutional issue. *Blum v. Bacon*, 457 U.S. 132, 102 S.Ct. 2355, 2359 (1982); *Califano v. Yamasaki*, 442 U.S. 682, 692-93, 99 S.Ct. 2545 (1979). Libman simply failed to prove its federal trademark infringement claim. This Court should deny Libman's petition on this ground without addressing a baseless constitutional issue that has not been preserved for review.

II. THE SEVENTH CIRCUIT'S JUDGMENT AGAINST LIBMAN WOULD BE AFFIRMED ON OTHER GROUNDS. THEREFORE, LIBMAN'S PETITION SHOULD BE DENIED.

Even if, as Libman contends, the Seventh Circuit's decision on likelihood of confusion was invalid, Libman's petition should be denied because the judgment against it would be affirmed on other grounds. "It is well accepted, however, that without filing a cross-appeal or cross-petition," Vining may rely upon "any matter appearing in the record in support of the judgment below." *Blum v. Bacon,* 457 U.S. 132, 102 S.Ct. 2355, 2359, n.5 (1982). A reviewing court may affirm a judgment on any ground supported by the record even if not relied upon by the lower court. *Id.; Brown v. St. Louis Police Department,* 691 F.2d 393, 396 (8th Cir. 1982), *cert. denied,* 461 U.S. 908, 103 S.Ct. 1882 (1983).

First, Libman's "commonplace design" was not a protectible mark. By Libman's own admission, as shown below, its use was functional and decorative, and had not acquired secondary meaning. (Tr. 17; 31-33; 70-71; B-7) Moreover, Vining's use of two-color fibers to denote different fibers of differing stiffness was a common practice in the broom industry and a fair use. (Op. Br. 30-32) Thus, the Court of Appeals' reversal of the trial court's finding of trademark infringement was proper.

The Seventh Circuit correctly concluded that Libman's claim of exclusive rights in its "commonplace design" was a "thin one" and a "hardly distinctive way of marking a product." (A-6). Indeed, in its application to register, Libman described its mark as a "simple logo of any two

contrasting colors placed side-by-side, albeit as broom fibers." (DX 36) (PX 17 at L001115).[10]

Moreover, the Seventh Circuit's conclusion is also consistent with this Court's ruling in *Qualitex Co. v. Jacobson Prods. Co.*, 115 S.Ct. 1300 (1995). In *Qualitex*, this Court ruled that color *alone* cannot be inherently distinctive: "[A] product's color is *unlike* 'fanciful,' 'arbitrary,' or 'suggestive' words or designs, which almost automatically tell a customer that they refer to a brand." *Qualitex, Id.* at 1303. (emphasis added). Instead, this Court likened color to descriptive words that are not protectible unless they have acquired secondary meaning. It held that "over time" color, "much in the way that descriptive words on a product" attain protection, might also become protectable as a trademark provided the "color has attained 'secondary meaning' and therefore identifies and distinguishes a particular brand (and thus indicates its 'source')." *Id.* at 1303. Simply adding another band of color to a broomhead, without more in the way of a design, did not obviate Libman's need to prove secondary meaning.

In *A. Leschen & Sons Rope Co. v. Broderick & Bascom Rope Co.*, 201 U.S. 166, 171 (1906), this Court held that "a

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[10] In its application, Libman also conceded that its use of colored fibers is not inherently distinctive by submitting evidence of secondary meaning under 15 U.S.C. §1052(f). (PX 17). As stated in *Aromatique, Inc. v. Gold Seal*, 28 F.3d 863, 869 (8th Cir. 1994), "The submission of evidence under §2(f) to show secondary meaning amounts to a concession that the mark sought to be registered is not inherently distinctive", citing *Yamaha International Corp. v. Hoshino Gakki Co.*, 840 F. 2d 1572, 1577 (Fed. Cir. 1988); Trademark Manual of Examining Procedure, §1202.02(b)(2d ed. 1993). Therefore, Libman's use of colored fibers is not inherently distinctive as a matter of law.

trade-mark which may be infringed by a streak of *any color,* however applied, is manifestly too broad." (emphasis added) Similarly, in *Blau Plumbing, Inc. v. S.O.S. Fix-It, Inc.,* 781 F.2d 604, 610 (7th Cir. 1986), the court stated:

> [S]imple geometrical shapes cannot be appropriated for use as trademarks without proof of secondary meaning. (Citations omitted) They are too common to be deemed distinctive — brand-identifying — without proof.

Libman's claim to exclusivity is unbounded by any specifications of band width, length or shape. The mark is not inherently distinctive nor had acquired secondary meaning. Therefore, it was not entitled to protection.

Libman's use of red or green fibers is also not protectible because it is either decorative as observed by the Court of Appeals, or functional. (Op. Br. 25-28) By Libman's own admission, its advertisements touted the functional features of the colored broom fibers: "Just aim the red bristles in the right direction, it picks up with a flick of the wrist." (Tr. 80; PX17; DX15) "If the marketer of a product advertises the utilitarian advantages of a particular feature, this constitutes strong evidence of its functionality". *American Greetings Corp. v. DanDee Imports, Inc.,* 807 F.2d 1136, 1142 (3rd Cir. 1986). *See also, In re Bose Corp.,* 772 F.2d 866 (Fed. Cir. 1985) (holding the alleged mark functional because applicant's promotional materials lauded the pentagonal shape of a loudspeaker as a functional part of the sound system); *New England Butt Co. v. Intern. Trade Com'n.,* 756 F.2d 874, 878-79 (Fed. Cir. 1985).

Libman also admitted that other broom manufacturers, including Vining, have used two-color combinations on broom heads long before Libman entered the market with the 201 broom. This color-coding scheme was common in the industry. (Tr. 393-94). The use of two different shades of color was the most cost-effective way for Vining to convey the presence and functional advantages of the differing stiffness of the two sections of broom fibers to the customer. (Tr. 267-68, 306; PX26 at 000119; Op. Br. 26-27) Thus, Libman's competitors would be at a significant disadvantage because the challenged feature is "essential to the use or purpose of the article" or "affects [its] cost or quality." *Qualitex,* at 1304.

Such anticompetitive consequences are precisely the type of evil that the "color depletion theory" was intended to prevent. Libman claims exclusive rights in *all colors, all combinations* of color, and even *all shades* of any color, applied to broom fibers, regardless of the purpose of the use. In *Qualitex,* this Court confirmed that the color depletion theory remains applicable in circumstances like these:

> When a color serves as a mark, *normally alternative colors will likely be available for similar use by others. See, e.g., In re Owens-Corning,* 774 F. 2d at 1121 (pink insulation). Moreover, *if that is not so* — if a 'color depletion' or 'color scarcity' problem does arise — *the trademark doctrine of 'functionality' normally would seem available to prevent the anticompetitive consequences . . . Id.* at 1306 (emphasis added).

CONCLUSION

For the foregoing reasons, Vining prays that this Court deny Libman's Petition for Writ of Certiorari to the United States Court of Appeals for the Seventh Circuit.

Respectfully submitted,

DAVID C. HILLIARD
Counsel of Record
JOSEPH N. WELCH
JEAN MARIE R. PECHETTE
Pattishall, McAuliffe,
Newbury, Hilliard & Geraldson
311 South Wacker Drive
Suite 5000
Chicago, Illinois 60606
(312) 554-8000

Attorneys for Respondent
Vining Industries, Inc.

Of Counsel:
VINCENT V. CARISSIMI, ESQ.
Pepper, Hamilton & Scheetz
3000 Two Logan Square
Eighteenth and Arch Streets
Philadelphia, Pennsylvania 19103-2799
(215) 981-4000

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In The

Supreme Court of the United States

October Term, 1995

THE LIBMAN COMPANY,

Petitioner,

v.

VINING INDUSTRIES, INC.,

Respondent.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Seventh Circuit

PETITIONER'S REPLY BRIEF

ALLEN H. GERSTEIN, Esq.*
RICHARD M. LABARGE, Esq.
MICHAEL R. GRAHAM, Esq.
MARSHALL, O'TOOLE, GERSTEIN, MURRAY & BORUN
6300 Sears Tower
233 South Wacker Drive
Chicago, Illinois 60606-6402
(312) 474-6300

Attorneys for Petitioner

*Counsel of Record

COCKLE LAW BRIEF PRINTING CO., (800) 225-6964
OR CALL COLLECT (402) 342-2831

RULE 29.6 STATEMENT

The only parties to this action are those listed in the caption. The Libman Company has no parent or subsidiary companies.

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Vining's response explains that the Seventh Circuit's judgment is based on its belief that trademark infringement requires proof that purchasers are likely to mistake the parties' products. Resp. 6. What the response doesn't explain is that this is another novel aspect of the standard of review used in the Seventh Circuit.

The response does not dispute that the absence of Supreme Court guidance has led to a significant division among the circuits on how findings of trademark infringement are reviewed, that the division is growing, and that the issue is one of the most important issues in the trademark law.

CERTIORARI SHOULD BE GRANTED TO EXPLAIN THE STANDARD OF REVIEW

Vining's response does not directly respond to the petition for *certiorari*'s explanation of three differences between the standard of review applied in the Seventh Circuit and the standards applied in other circuits, but its indirect response reveals a *fourth*, and even more important, difference: While all other circuits focus on the *marks* at issue, the Seventh Circuit focusses on the *products*.

Libman complained of trademark infringement, not trade dress infringement. The contrast band on the Vining brooms at issue (which the Seventh Circuit agrees was copied from the Libman products, A6) is virtually indistinguishable from the contrast band Libman has registered as its trademark. Vining claimed there was no infringement so long as purchasers would be able to distinguish the overall appearances of the parties' products in a side-by-side comparison, even though it was stipulated that purchasers rarely have the opportunity to make such a comparison. Stips. 59, 66, 67.

Page 6 of Vining's response admits that the Seventh Circuit's judgment was based on the majority's acceptance of Vining's position that the issue was whether consumers are "likely to mistake Vining's broom for Libman's." This explains the assertions that there was "no evidence" of a likelihood of confusion, even though the record includes the

same evidence that the Seventh Circuit has said can support a finding of a likelihood of confusion if the marks at issue are closely similar. *E.g. Ideal Industries, Inc. v. Gardner-Bender, Inc.*, 612 F.2d 1018, 1024-25 (7th Cir. 1979) *cert. denied*, 447 U.S. 924 (1980). Since the contrast bands are virtually identical, it is clear that Vining's and the Seventh Circuit's position is that the marks at issue are *not* the contrast bands, but the overall appearances of the parties' products.

Should the focus in a trademark infringement case be on the particular marks at issue or, instead, on the overall appearances of the parties' products?

Vining's response never explains why the focus should be on the overall appearances of the products rather than on the contrast bands themselves. In *Two Pesos, Inc. v. Taco Cabana*, 120 L.Ed.2d 615 (1992), this Court explained that the standard for trade dress protection is conceptually the same as the standard for trademark protection. The Seventh Circuit has gone a step further, taking the position that if the overall appearances of two products (i.e., their trade dresses) are dissimilar, then one cannot infer that any *individual* mark on the product is infringed; at least, not without "actual confusion" evidence or (perhaps) direct evidence that the defendant intended to confuse purchasers. A7.

This extension of *Taco Cabana* is a novel one. In other circuits, the fact that the overall appearances of the products are distinguishable is at best only a secondary consideration in assessing whether the *marks themselves* are similar. Restatement (Third) of Unfair Competition § 21, comment c (1995). The Seventh Circuit's position that a trademark owner can only stop a competitor from appropriating its mark when it has "proof" that purchasers are likely to mistake the overall appearances of the products is inconsistent with the alternative language of the Lanham Act, which provides that a use infringes if it is likely to cause purchasers to mistake the parties' products, *or* if it is simply likely to cause confusion. 15 USC § 1114(a). It is also inconsistent with one of this Court's rare likelihood of confusion cases, *Menendez v. Holt*,

128 U.S. 514 (1888). In that case, this Court affirmed a finding of a likelihood of confusion despite differences in the overall appearances of the parties' products. The Court explained that differences in the packages were "an aggravation and not a justification" of the "invasion of the trademark owner's exclusive right to the mark at issue." *Id.* at 521.

The difference between the Seventh Circuit's focus on the similarity of the overall appearances of the parties' products and the traditional focus on the similarity of marks themselves is an important one. The use of a tougher standard in the Seventh Circuit means it will be harder to enforce a trademark in the Seventh Circuit than in other circuits.

This Court previously stopped the Seventh Circuit from requiring a tougher standard for trademark owners when, in *Qualitex Co. v. Jacobson Prods.*, 131 L.Ed.2d 248 (1995), it rejected the Seventh Circuit's position that a product color can never be protected as a trademark. *See, NutraSweet Co. v. Stadt Corp.*, 917 F.2d 1024 (7th Cir. 1990) *cert. denied*, 499 U.S. 983 (1991). While the tougher standard concerning color affected only a few cases, the requirement that trademark owners prove that the *products* at issue will be mistaken affects virtually every trademark case brought in the Seventh Circuit.

Whether it is appropriate for the Seventh Circuit to require a trademark owner to prove *product* confusion is an important issue that deserves this Court's attention.

Is "actual confusion" evidence required to prove a likelihood of confusion?

Notwithstanding the Seventh Circuit's statement that it does not require "actual confusion" evidence, its opinion has been construed as doing exactly that. App. 2, 4.

Rather than deny that the Seventh Circuit implicitly requires "actual confusion" evidence, Vining urges that such a requirement is appropriate. Resp. 1, 7, 8. Whether it may be good policy to require "actual confusion" evidence does not change the fact that the Seventh Circuit's position is substantially different than the position of other circuits.

Must an appellate court defer to the trial court's findings on evidentiary factors?

There is no dispute that, under *Pullman-Standard v. Swint*, 456 U.S. 273 (1988), an appellate court applying Fed.R.Civ.P. 52 must consider and discuss the evidentiary basis for a trial court's finding before rejecting that finding. Vining does not deny:

1) The trial court found that "instances of actual confusion" were unlikely to have arisen by the time of trial.

2) That finding was supported by substantial and uncontradicted evidence.[1]

3) The Seventh Circuit did not mention the trial court's finding or the evidence supporting it before finding that instances of "actual confusion" *should* have been expected.

4) The Seventh Circuit's finding that instances of actual confusion should have been expected was a controlling factor in its decision to reverse.

The claim at pages 9-10 of Vining's response that the Seventh Circuit was "entitled" to rely on the absence of "actual confusion" evidence is misguided. The issue is not whether the *Seventh Circuit* clearly erred in giving decisive weight to its finding that "instances of actual confusion" should have been expected, but whether the *trial court* clearly erred in reaching the opposite conclusion. *Anderson v. Bessemer City*, 470 U.S. 564, 577 (1985).

The admission, at page 8 of Vining's response, that the Seventh Circuit's analysis was "consistent" with the analysis used in *Merriam-Webster, Inc. v. Random House*, 35 F.3d 65

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[1] Vining's response notes that one witness who testified that people rarely complain about brooms said he was "surprised" by that. Resp. 2. The fact that someone is surprised by something he believes to be true is a thin basis for concluding that what he believes is really false. It is *no* basis concluding that it is *clearly* false.

(2d Cir. 1994) *cert. denied* 115 S.Ct. 1252 (1995), further undermines Vining's position. In that case, the appellate court conducted a *de novo* review. *Id.*, at 70. The Seventh Circuit specifically said it was conducting a "clear error" review. A1.

Vining's reliance on the split decision in *Conopco v. May Department Stores*, 46 F.3d 1556 (Fed. Cir. 1994) *cert. denied* 115 S.Ct 1724 (1995) is no reason to deny *certiorari*. Hard cases make bad law, and *Conopco* was a hard case. *See* S. Rosen and L. Gigliotti, *Conopco* - Kaputco for Trade Dress Plaintiffs? 85 T.M. Reporter 135, 153 (1995) (complaining of *Conopco*'s "affording mere lip service to the clearly erroneous standard of review" and encouraging "other courts, including other panels of the Federal Circuit, [to] view *Conopco* as aberrational and thus, of little precedential value.") Significant differences in the marks that were at issue in that *trade dress* case suggest that the trial court did clearly err in finding the marks at issue to be closely similar. There is no such excuse for the Seventh Circuit's judgment, however, and thus this Court should now put an end to sloppy *Conopco*-style review.

Did *Concrete Pipe* change the focus of clear-error review?

Vining does not dispute that the Seventh Circuit interprets this Court's decision in *Concrete Pipe & Prods., Inc. v. Construction Laborers Pension Trust*, 124 L.Ed.2d 539 (1993) as establishing that the focus of a clear-error review is on the depth of the appellate court's conviction that it would have decided the issue differently. Instead, it suggests this is consistent with the statement in *Anderson*, 470 U.S. at 573, that an appellate court may only reverse when it is "left with the definite and firm conviction that a mistake was made." That statement merely illustrates the parties' dispute, it does not resolve it: the Seventh Circuit places the emphasis on "definite and firm conviction;" Libman asserts the emphasis should be on whether "a mistake was made."

The difference will often be outcome-determinative. Here, the Seventh Circuit majority was "firmly convinced" that it would not have inferred the existence of a likelihood of

confusion. It was not, however, any internal contradiction or implausibility in the evidence that "firmly convinced" the majority to disagree with the trial court. It was no "mistake" at all: it was simply the majority's belief that "it should not have been very hard" for Libman to have provided "actual confusion" evidence. A7. In other words, the Seventh Circuit "firmly" disagreed with Libman's attorney about the best way to prove its case. This should not be a legitimate basis for ignoring a trial court's view of the evidence.

Vining's response reveals no other "mistake" in the trial court's finding of a likelihood of confusion. While Vining argues that there was other evidence[2] upon which the Seventh Circuit could have relied in deciding *not* to find a likelihood of confusion, resp. 11-12, that does not show that the *trial court's* view was clearly erroneous. *Anderson*, 470 U.S. at 577. Indeed, most of the same facts were also present in *Ideal Industries*, where the Seventh Circuit held that it was *not* clear error to find a likelihood of confusion. 612 F.2d 1018.

Vining's reliance on the Seventh Circuit's statement that the trial court did not adequately explain its finding of a likelihood of confusion (resp. 14) is surprising. The petition for *certiorari* explained that the Seventh Circuit's statement is simply false: the trial court did not, as the Seventh Circuit claims, "mov[e] without transition or explanation" from its finding about the similarity of the overall appearances of the parties' products to the conclusion that there is a likelihood of confusion. In between, the trial court considered, analyzed, and made findings on the traditional evidentiary factors. B5-6. Vining's response makes no attempt to explain the Seventh Circuit's misrepresentation of the trial court's findings, or to justify its own reliance on that misrepresentation. Further, as noted in the petition for *certiorari*, such a mistake

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[2] At footnote 3, Vining's response claims that there was a trial "admission" that consumers cannot see the contrast band on Vining's gray brooms. That testimony was contradicted by stipulation and by Vining's own admissions that the contrast band on those brooms is used to attract the attention of potential purchasers. Stip. 51, F267-68.

(had it in fact been made) would have called for a remand, not a reversal. *Swint*, 456 U.S. at 292-93.

Conclusion on the standard of review

These four differences between the standard of review applied in the Seventh Circuit and the various standards of review applied in other circuits demonstrate that the split in the circuits is significant. It is also growing. Since Libman's petition for *certiorari* was filed, yet another circuit has divided on the issue of proper application of the clear-error standard to a finding of a likelihood of confusion. *Sara Lee Corporation v. Kayser-Roth Corp.*, 81 F.3d 455 (4th Cir. 1996). In the last six months, more than half[3] the precedential opinions applying the clear error standard to a finding of a likelihood of confusion have resulted in a divided panel disagreeing on the proper application of that standard.

The Court should use this opportunity to clarify the standard of review. It should do so because the Seventh Circuit's *judgment* authorizes the resumption of conduct that has been found and conceded to harm the public. It should do so because the Seventh Circuit's *opinion* does not merely misapply a properly-identified standard, but sets a new standard. It should do so because the *facts* (particularly the lack of any dispute about the similarity of the marks themselves and the Seventh Circuit's concession that it was "plausible" to infer a likelihood of confusion) make it possible for this Court to decide this case as a matter of law, without a need to conduct a comprehensive review of the underlying evidence.

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[3] This calculation is based on all cases in the LEXIS "genfed" library that include "confusion" within two words of "likelihood" and the stem "clear-" within four words of the stem "err-."

CERTIORARI SHOULD BE GRANTED BECAUSE LIBMAN DID NOT HAVE A FAIR HEARING

There is no dispute that Libman was entitled to a fair hearing. The petition asserted, and Vining does not dispute:

1) Libman had a property right in the injunction against the use of a contrast band on Vining's yellow PROFESSIONAL PRODUCTS brooms.

2) The public interest in being free from confusion made the injunction a particularly important property right.

3) The Fifth Amendment required the Seventh Circuit to provide due process before depriving Libman of that right.

4) Due process normally requires at least notice and an opportunity to be heard.

The fact that Vining's yellow PROFESSIONAL PRODUCTS brooms had been *mentioned*[4] in the appeal briefs is hardly dispositive. They were only mentioned in the context of *other issues*. Vining *expressly* limited its likelihood of confusion issue on appeal to its gray "2000" brooms. While Libman knew what property was at stake, it did not have fair notice of the legal basis upon which the Seventh Circuit was going to take that property away. Due process, particularly in the context of an important interest like the one at stake here, cannot be satisfied by merely mentioning the item at stake without mentioning the basis on which the property is going to be taken away.

Vining's speculation that a fair hearing would not have led to a different result cannot be trusted. The Seventh Circuit's opinion shows heavy reliance on three assumptions that, as pointed out in the petition for *certiorari*, were simply

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[4] Contrary to page 2 of Vining's response, no physical samples of the brooms at issue were included in the record on appeal. App. 6-7.

not true. Br. 19-20. While Vining tries, often unfairly[5], to discredit the evidence, it never *denies* that the Seventh Circuit's assumptions were wrong. It simply claims that those assumptions were not "grossly" wrong. Resp. 15. Be that as it may, the evidence refuting the Seventh Circuit's assumptions present at least genuine factual issues. Libman was entitled to a fair hearing to resolve those issues.

Libman did not waive its right to a fair hearing. Vining's response asserts that Libman should have claimed that a due process violation had occurred when it petitioned the Seventh Circuit for rehearing. Resp. 16. There had been no due process violation at that time: it didn't occur until the Seventh Circuit refused to provide a fair hearing. Libman's petition for a rehearing was a request for a fair hearing, and that request was not denied until the petition was denied.

VINING'S ALTERNATIVE BASES FOR UPHOLDING THE SEVENTH CIRCUIT'S REVERSAL

More than a quarter of Vining's argument is devoted to suggesting alternative bases upon which the Seventh Circuit's judgment might have been based. "It is a tale . . . full of sound and fury, signifying nothing." *Macbeth*, Act V, scene V.

Each of the assertions is baseless. The only "evidence" that others used the same contrast band before Libman did was ruled by the trial court to be inadmissible for that purpose. Tr. 400, *cf.* tr. 39-40 (evidence that the mark had been successfully enforced against two other leading brands).

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[5] For example, Vining's response notes that the "actual confusion" evidence was obtained when the brooms had their "sleeves pulled up," but falsely suggests that this means that the sleeves were not "on" the brooms. In fact, the "sleeves pulled up" position is the position shown in the photographs included in Vining's response. Vining's response also claims that the color used on the yellow brooms is "the bright yellow color that has long been associated with the O'CEDAR line of brooms." Resp. 15. Vining's own witness admitted not only that this is untrue, but also that that new color would not be accepted by its traditional customers. Tr. 374.

There was ample testimony that the mark was *not* functional. Stip. 24, tr. 166-67. Vining previously admitted that there was evidence of secondary meaning. Vining reply at 11. With such evidence, "decorativeness" and "simplicity" are not bases for refusing to protect a mark. *Qualitex Co. v. Jacobson Prods. Co.*, 131 L.Ed.2d 248 (1995). The "fair use" argument Vining asserts was not even pleaded.

The fact that Vining felt compelled to suggest "alternative" bases for the Seventh Circuit's judgment, rather than address the issues presented in the petition, does two things. It shows the merit of the petition and it emphasizes the lack of any solid foundation for the Seventh Circuit's judgment.

CONCLUSION

Vining's inability to dispute the principal issues of this petition for *certiorari* shows that Supreme Court review is appropriate. The undisputed importance of those issues, including the Seventh Circuit's position that a trademark may be copied so long as the overall appearances of the products are dissimilar, and the lack of any serious *factual* issues indicate that review should indeed be granted.

Respectfully submitted,

ALLEN H. GERSTEIN, Esq.*
RICHARD M. LABARGE, Esq.
MICHAEL R. GRAHAM, Esq.
MARSHALL, O'TOOLE, GERSTEIN,
MURRAY & BORUN
6300 Sears Tower
233 South Wacker Drive
Chicago, Illinois 60606-6402
(312) 474-6300

Attorneys for Petitioner

*Counsel of Record

EXHIBIT H

[LOGO] [SEAL]

BNA's PATENT, TRADEMARK & COPYRIGHT JOURNAL

Vol. 51, No. 1254 HIGHLIGHTS November 23, 1995

LANHAM ACT PROTECTION for product features may not be based on a presumed source-identifying function and inherent distinctiveness where the primary purposes of those features are likely to be functional or aesthetic, the U.S. Court of Appeals for the Second Circuit held Nov. 13. Although the court reversed a finding of trade dress infringement, it affirmed a copyright infringement judgment in this case over sweater designs, refusing to dissect protectable from unprotectable elements and insisting on a comparison of the total concept and feel of the products. page 95

AESTHETIC FUNCTIONALITY DEFENSE to a charge of trade dress infringement may be proved with testimony that the plaintiff's design has created customer interest, has practical advantages, and is unique, according to the U.S. Court of Appeals for the Second Circuit. The Nov. 15 ruling concluded that the district court failed to consider the functionality defense, and remanded for consideration of whether plaintiff's design confers a significant competitive benefit that cannot practically be duplicated with alternative designs. page 97

ANTITRUST COUNTERCLAIM in a patent infringement suit is permissive, not mandatory, the U.S. Court of Appeals for the Ninth Circuit held Nov. 15 in reversing the dismissal of an independent antitrust suit. The court also ruled that the *Noerr-Pennington* doctrine

may not defeat antitrust liability for enforcing a patent that was obtained by intentional fraud. page 98

LACK OF ACTUAL CONFUSION or survey evidence requires reversal of a district court judgment that a broom made with contrasting colors is likely to be confused with a similar broom, the U.S. Court of Appeals for the Seventh Circuit held Nov. 16. While proof of actual confusion is not required in a trademark infringement case, a finding of likely confusion cannot be based on pure conjecture, the court explained. Judge Coffey dissented, complaining that the majority gave too much analytical weight to the actual confusion factor and encroached on the fact-finding role of the district court. page 100

NII LEGISLATION (S 1284 and HR 2441) concerning use of copyrighted works on the information superhighway was praised by the chiefs of the Patent and Trademark Office and the Copyright Office at Nov. 15 congressional hearing. The joint session of the Senate Judiciary Committee and the House Subcommittee on Courts and Judicial Administration also heard from an official of the World Intellectual Property Organization, who testified that the legislation could set worldwide standards for resolving these copyright issues. page 102

FALSE ADVERTISING PROHIBITION under the Lanham Act extends to "secondary uses" of articles published by non-profit trade associations that rank their publications higher than for-profit publications the U.S. District Court for the Southern District of New York held Nov. 2, even though the articles themselves are non-commercial and exempt. The secondary uses directly target relevant consumers, the court observed, and thus are

precisely the type of promotional activity that the Lanham Act seeks to regulate. page 104

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EXHIBIT I

UNITED STATES DISTRICT COURT

OFFICE OF THE CLERK

CENTRAL DISTRICT OF ILLINOIS
201 SOUTH VINE STREET, SUITE 218
URBANA, ILLINOIS 61801
TELEPHONE (217) 373-6834

JOHN M. WATERS
CLERK OF COURT [SEAL]

RECORD TRANSMITTAL LETTER

Thomas F. Strubbe, Clerk
United States Court of Appeals
for the Seventh Circuit
219 South Dearborn Street
Chicago, IL 60604

Date:
August 10, 1995

95-1905

RE: LIBMAN COMPANY vs VINING INDUSTRIES

District Court No. 93-2283

USCA Docket No. 95-1905

Dear Mr. Strubbe:

I am sending you herewith the original/supplemental record on appeal. It consists of the following:

2 Volumes of Pleadings

2 Volumes of Transcript

_____ Volumes of Depositions

EXHIBITS: 3 white notebooks containing plaintiffs exhibits
1 white notebook containing defendants exhibits

IMPOUNDING EXHIBITS: _____

IN CAMERA MATERIAL: 2 envelopes

OTHER: (Specify) 2 volumes of loose pleadings

Please acknowledge date of receipt of the above mentioned materials on the attached copy of this letter.

Very truly yours,

/s/ John M. Waters
JOHN M. WATERS
U. S. DISTRICT CLERK

cc: John Jenkins
Richard LaBarge
Michael Marrero